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The shape of things to come is no secret

THE humming noise you hear is industry at war. When peace comes, that sound need scarcely change its pitch. For in business offices, on assembly lines, in civilian defense centers, and at home, American women are already wishing up new things for industry to make.

They want us to help them keep house, to supply new equipment for it on a scale that makes past performances seem like only practice. Home laundries that "do" everything from tablecloths to negligees. Ranges complete with pressure cookers and unbreakable transparent ovens. Refrigerators with compartments that hold each food, from frozen meats to lettuce, at the ideal temperature and humidity.

Whatever makes housekeeping easier and more economical, women will be waiting for industry to supply. The problem is not what to make, but *bow*. Which material, new or old, will contribute the most in beauty, strength, economy, to each part of the new design? How shall it be used, fabricated, finished? Where can it most effectively save weight, cost, time?

For impartial answers to questions about metals industry can turn to Revere. For just as industry in the future will not be restricted to the traditional materials, neither will Revere. In addition to broadening still further the uses for copper and its alloys since the start of the war, Revere has developed facilities for the manufac-

ture of the light metals, and is pioneering in the production of entirely new alloys with important properties that can cut manufacturing costs for many industries. Tr Sig Fa He

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Today the copper industry is working all-out to win the war. No copper is available for anything else. But post-war planners with specific problems in metals are referred directly to the Revere Executive Offices in New York.



COPPER AND BRASS INCORPORATED

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The Cover

On Buzzard's Bay at the mouth of the Acushnet 56 miles south of Boston lies the port of New Bedford in the midst of a popular Summer resort section.

The English explorer Gosnold visited here in 1602. Originally it was part of Dartmouth settled in 1652 by John Cook and others from Plymouth. Quakers later joined the settlement. A rendezvous for privateers it was attacked by the British and almost destroyed in 1778. It became independent in 1787. From before the Revolution it was a great whaling town and the industry was famous throughout the world, declining after the Civil War.

The population is 110,341. New Bedford's 197 manufacturers produced goods valued at \$72,807,267 in 1939. Retail sales totalled \$40,777,000 in 1,640 stores; 87 wholesalers did \$14,934,000, and 644 service stores took in \$2,698,000. Manufactures include fancy cotton goods, copper and brass products, foundry and machine shop products, and leather goods.

The cover print shows New Bedford in 1810 and appears through the courtesy of the Free Public Library, New Bedford.



IMAGINE a room so still that all you can hear is the beating of your own heart. A room as quiet as the depths of the sea — as silent as the stratosphere. It is double-walled and spring-suspended. Inside, you have a feeling of absolute deadness.

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What a place to put history's prize renegade! Here he could meditate upon his crimes. With no sounds but those made by his own misbegotten self, each slightest move would be accusation, each whisper a shout of the vengeance to come.

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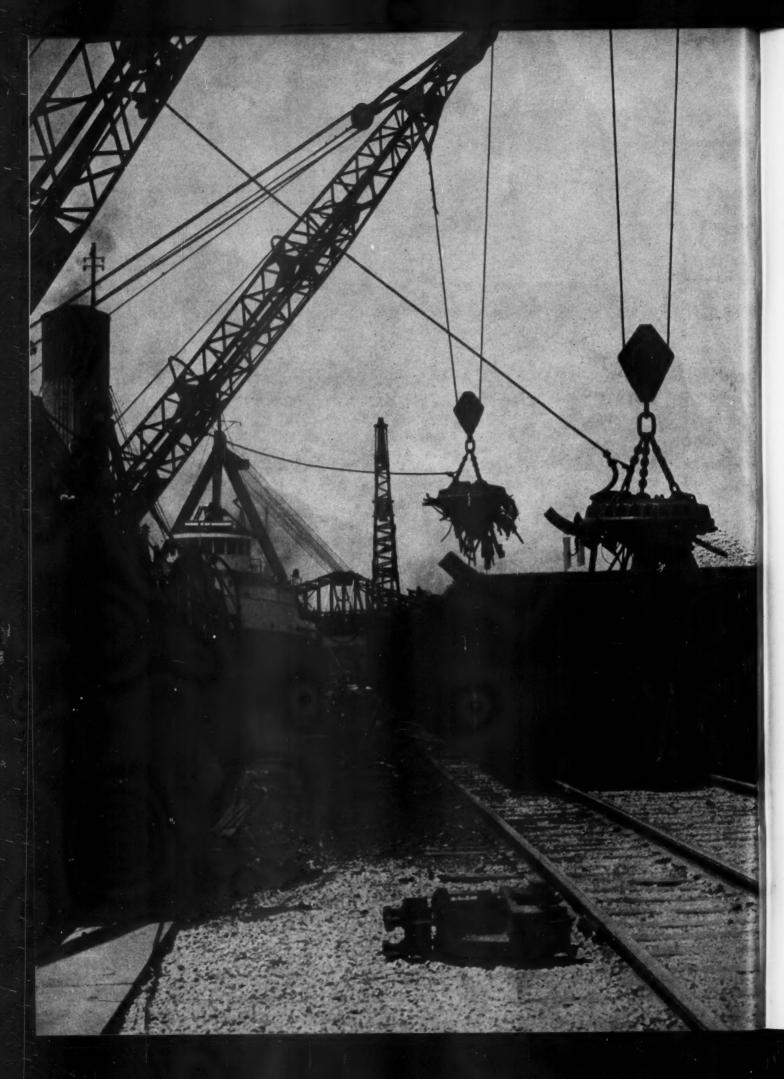
When peace comes, this same skill and experience will make these new conveniences and services available to all business.

Dictaphone Corporation, 420 Lexington Avenue, New York.

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ELIZABETH R. HIB

WHEN income tax rates were low and were paid by comparatively few the present method of assessment was reasonably satisfactory. With the need this year to raise almost 900 times the revenue raised in 1913, the first year of the tax, problems arise of sober concern to almost all. Of many proposals made to facilitate the collection of the greatest amount of taxes, Mr. Ruml's has elicited increasingly widespread discussion. It is presented here as one of several articles of opinions of men whose backgrounds have resulted in decided and often conflicting points of view.

MOVING the TAX CLOCK AHEAD to WAR TIME

BEARDSLEY RUML

Treasurer, R. H. Macy & Co., Inc. Chairman, Federal Reserve Bank of New York

WHEN the federal income tax bill was passed in the United States in 1913 it had one defect which at the time seemed of no practical consequence but which has since come to have the greatest importance. This defect was that a citizen was required to pay in the year 1914 a tax assessed on his 1913 income. In this way we got started on a vicious practice of paying out of one year's income a tax on the year that had gone.

At that time the defect was of no practical consequence. The reason is that income tax rates were low and affected comparatively few people. In 1913 the rates began at 1 per cent and the top (normal plus surtax) was 7 per cent. Exemption for a single person was \$3,000. Contrast this situation with that which confronts us in the Revenue Act of 1942.

The consequence of these increased rates is that the debt which people owe to the Federal Government for tax on their last year's income has become a

national danger. Under our present system this debt will have to be paid whether this year they then have any income or not.

If they die, this amount will be taken from whatever estate they leave. If they lose their jobs, there will be a charge against what they have saved. If their earnings are less, the full tax must be met out of the lower earnings. And practically all income tax payers are actually in debt continuously for about one year's full income tax.

There are two broad purposes for reforming our historic income tax practice in order to place our income taxes on a current basis and to eliminate the accumulated income tax debt. The first purpose relates to the financing of the war, to the reduction of potentially inflationary purchasing power, and to the preservation of the integrity of our income tax system through obtaining the highest possible level of collections and the lowest possible level of defaults.

The second purpose springs from the

personal and humane desirability of removing from millions of citizens the constant threat of unpaid taxes, a liability unwittingly unprovided for by our citizens, now grown so large under present tax rates that loss of current income for any reason by the individual taxpayer brings acute financial and personal distress.

The first purpose, that of financing the war and maintaining the integrity of the income tax system, appeals powerfully to all students of taxation, in and out of the Government. They are all aware that the economic well-being of the country will be safeguarded by collecting the taxes on our rising 1943 income in 1943 and not a year later in 1944. They are also aware of the probability that it will be necessary to supplement the present tax program with a program of compulsory savings, and that this program must also be related to the current income of the citizen.

These authorities are also apprehensive about income tax collections and

defaults. Can we expect the new taxpayers, or even the old ones, to keep up their payments for taxes on their last year's income at present rates if their current income should slacken or abruptly cease?

On January 1 under our present system some 39,000,000 citizens had incurred obligations to the Federal Government for their 1942 income taxes. If we estimate one or more persons back of each taxpayer, we have 75,000,000 people involved. It is inevitable that every year, even in 1943, some small percentage of our taxpayers will suffer loss of income from one or another cause. Even if as few as 4 per cent were so affected, this would mean more than a million taxpayers in trouble because of the income tax.

What are the reasons that might make for lower current income for the individual income taxpayers? Men are called into the armed services, men and women are displaced from peacetime industry by wartime dislocation, some suffer sickness and accident, others must retire because of advancing years. All these find that now with the new high tax rates their income taxes become an intolerable hardship, wiping out savings that have been accumulated over the years. And for the hundreds of thousands that have already been injured, millions of us are in danger, because we are each subject to the same hazards and the same inevitable loss of

Income tax debt has become a modern form of peonage that locks men and women into their present work and level of income. They cannot afford to lose their jobs, to become sick, or to retire.

I stress this second reason for the reform, the personal and humane reason, because it tends to be forgotten in discussions of taxation. But it is a reason to which the individual taxpayer is acutely sensitive. The American citizen distinctly does not like to have a large debt, particularly a large tax debt, hanging over him.

All these considerations force the placing of income taxes on a current basis and at once. But no current program, whether it be withholding or compulsory savings, can be applied at the rates necessary as long as the 1942 tax debt is also simultaneously payable. There is no escaping the conclusion that the income tax on 1942 incomes must be either dropped or deferred.

The present system is a bad system for all of us, and it should and can be corrected. It is clear that the Government cannot continue for long to be the creditor of some 30,000,000 taxpayers and their families for income tax, particularly when there is no question of revenue involved in assessing this year's tax on this year's income and getting the whole country on a current pay-as-you-go basis.

Turn Tax Clocks Ahead

To accomplish this desirable objective of getting our income taxes on a current basis, I suggested to the Treasury in March of last year and to the Senate Finance Committee in July a plan which I called the Pay-As-You-Go Income Tax Plan. This plan is to be applied to individuals, not to corporations.

The first problem is how to get taxes on a current basis without paying two years' taxes in one year. The answer is as simple as daylight saving. Let us turn our tax clocks ahead one year. The taxes we have paid last year out of our 1942 incomes are taxes on our incomes

INDIVIDUAL INCOME TAXES 1916-1942

Number of Taxable Returns and Amount of Taxes

This chart has been prepared from figures of the U. S. Bureau of Internal Revenue. The 1942 figures are estimates. These figures for individual income taxes include a small proportion of returns for estates and trusts.

The number of tax returns shown is the number taxable. In many years about twice this number of returns were filed; the other returns were not taxable. The Treasury Department estimates that for 1942 there will be 35 million or more returns; 27.2 million will be taxable.

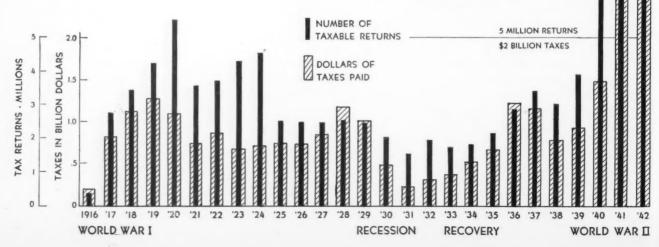
The number of returns is affected by the laws governing the filing of returns. Returns were filed in general by those with net incomes exceeding:—if single individuals or fiduciaries, 1913–1916, \$3,000; 1917-1924, \$1,000; 1925-1931, \$1,500; 1932-1939, \$1,000; 1940, \$800; 1941, \$750; 1942, \$500;—if married, 1917-1923, \$2,000; 1924, \$2,500; 1925-1931, \$3,500; 1932-1939, \$2,500; 1940, \$2,000; 1941, \$1,500; 1942, \$1,200;—from 1921, gross income over \$5,000;—from 1938 on, trusts with net incomes over \$100.

The Division of Research of OPA estimates that in 1942 of 32,650,000 family units in the United States 25,646,000 had incomes of \$1,200 or more. Of these, 21,515,000 were non-farm, 4,131,000 farm families. Of 9,950,000 single consumer units, 9,21,000 had incomes of \$500 or more or almost 90 per cent. Of these "single consumers," of,000,000 were men, 5,456,000 (90 per cent) of whom made \$500 or more; of the 3,950,000 women, 3,465,000 (87.7 per cent) made that amount.

Of the aggregate 42,600,000 family and single consumer units reported with a total income of 110 billions, 80 per cent made \$3,065 or less, or \$61,602,000,000. Ten per cent or 4,260,000 of the total made \$4,235 or more or \$43,380,000,000 of the aggregate consumer income.









For the first 32 months of the war program, the cost of Army and Navy vessels, without considering merchant vessels, is already more than the total war expenditures during the last war. The importance of financing the war and maintaining the integrity of the income tax system appeals powerfully to all students of taxation, in and out of the Government, the author writes.

received in 1941. We can best solve the problem now by recognizing these 1942 payments to be taxes on 1941 as they really are, and by beginning 1943 by paying on 1943, thereby dropping out the year 1942 as a year of assessment from the tax calendar forever.

Much confusion has been caused by referring to this change as the "forgiving" of one year's taxes. "Forgiving" is a term I have never used in describing the plan. It suggests, and wrongly, that this year the taxpayer will have a year in which he pays no taxes and that the Treasury will have a year in which it gets no revenue. Nothing could be farther from the truth. Our thinking will be clearer if we think of the plan as a change in the method of assessment, as the turning of the tax clock ahead, not as the stopping of the clock.

The question arises at once, how can

we drop an income tax year out of the calendar in this way without hurting the Treasury? This is the one question which President Roosevelt raised in his press conference when he agreed that we would all like to be on a Pay-As-You-Go basis if we can work it out. The answer to this question is that we shall all go along paying our income taxes as we have before, only they will be on a current basis. The Treasury will also go along getting its revenues. The only difference is that when a taxpayer dies or ceases to receive income he will not owe income tax as he does under the present system.

Reduction of tax payment by the taxpayer as a result of setting the tax clock ahead occurs only at some future date, when and as the taxpayer's income ceases or declines. The reduction is therefore spread over the whole life-

time of the present income-tax-paving generation, and occurs beneficially for each taxpayer at the time when his income fails. As for the Treasury, it has never considered taxes receivable as an

If we study the consequences of the plan over the generation we find that since the reduction would be spread over a period of some 35 to 50 years, the gross amount of eight billion dollars estimated as the tax liabilities on 1942 income would amount to an average of only \$160,000,000 to \$220,000,000 a year over this period. Another way of looking at it is that the reduction over a generation would be about the same as one month's current expenditures. This gross reduction of payments by this generation of taxpayers in any case would be offset by better tax collections and collection methods and also by recoveries through the estate tax of part of what would otherwise have been payable as income tax.

The question is sometimes raised as to the effect of the plan on inflation. The only persons who would have more cash on hand under the plan are the few who have accrued their income taxes and who hold them in liquid form. These are few indeed, and they

are not spendthrifts.

Striking evidence of this is found in the familiar Christmas savings clubs, where money is purposefully saved to buy Christmas presents; and yet when the time for expenditure comes, under all the pressure of the holiday season and in spite of the identification of the savings with the season, only 30 per cent of the Christmas Club resources are actually spent for consumer purchases. Since the pay-as-you-go plan will make withholding taxes possible at a high level, and since we will be collecting for 1943 in 1943, the total effect will be antiinflationary rather than otherwise.

The Treasury feels that a withholding tax at a high rate is important in keeping taxpayers current. I too favor a withholding tax, because it makes it easier for people to keep on a pay-asyou-go basis. However, if a withholding tax provision at a high rate turns out to be either undesirable or impractical, the pay-as-you-go plan stands on its own feet as a sound method of getting the country free of income tax debt.

The second point in the plan is designed to solve the problem of how we can pay our income taxes on a current basis, when we do not know at the beginning of a year what our income is going to be in that year. The way of solving this problem is not too difficult. We will go ahead as we do today, filing an income tax schedule about the 15th of March declaring our previous year's income. But this will be a tentative return for the year then beginning and we will pay our current taxes on the basis of this tentative return. After the year had ended there would have to be an adjustment up or down depending on whether our actual income for the year was greater or less than that on our tentative return. But this adjustment would be made on the same blank and at the same time as our return for the following year. This return would be at one time the final return for the old year and the tentative return for the new. There would be no doubling of returns involved and only a few extra lines for the adjustment computations.

The third feature of the plan is the provision for relief in case a taxpayer knows his income in the current year is going to be less or greater than that of the year of his tentative declaration. The plan provides that he may declare his true knowledge of lower or higher income, as a result of salary changes, and so forth, which have actually oc-

curred, and make his current payments accordingly.

This provision eliminates the awkwardness of avoidable year-end adjustments and keeps the plan closer to a true pay-as-you-go basis than it would otherwise be.

The fourth point about the plan covers the special provisions for minimizing objectionable windfall cases. These provisions were not included in the original plan and have been added to meet a widespread feeling that, even though the number of cases be few, it is desirable to guard against them.

Provides for Windfalls

To meet this feeling, I have made the following three suggestions for handling these windfall cases:

1. Do not cancel the income tax on capital gains. Capital gains are not like ordinary recurring income, and can properly be separated out in the plan.

2. Provide a special death tax to recover what may be considered windfall arising because of death in 1942, or during some appropriate transition period.

3. In all cases where claim for credit exceeds \$10,000, or some other suitable amount, take an average of 1941, 1942, and 1943. The average of the three years will be a practical way of determining a fair normal income instead of windfall income.

These three provisions will catch all of the most objectionable windfall cases. But even so, there may still be a few remaining. What then?

Much as I dislike windfalls, even if they cannot be entirely eliminated, I am still for the plan. In all fairness, we should not refuse to do good for millions simply because we will be doing too much good for a few that don't deserve it.

The fifth point about the pay-as-yougo income tax plan is that it proposes to give equal treatment to all taxpayers under the plan. This means to skip a tax year for all alike in every bracket and start the whole country incometax-debt free.

These are my reasons: For those in the lower brackets, the plan will obviously have far-reaching beneficial results since unfortunate circumstance of loss of income will not be doubly unfortunate because of last year's debt.

For those in the middle brackets, the plan will eliminate countless personal and family tragedies, free many able citizens for public service, and step up the efficiency of American industry by making possible the retirement and pensioning of executives who are holding on, largely to pay their income tax, and never catching up.

For those in the upper brackets, it will make much less practical difference than might appear. First, because, like anybody else, as long as they have their income they continue to pay their taxes; and, when they die, what otherwise would have been payable as income tax on the taxpayer's previous year's income is subject to estate taxes in his highest brackets.

But apart from the practical considerations, the reason I favor over-all application of the principle is because it gives equal treatment to all taxpayers under the plan. In adopting pay-asyou-go by skipping a year, I believe we should treat all citizens alike. As we turn the tax clock ahead for some, we should turn it ahead for all, and get the whole nation out of income tax debt as of the beginning of 1943.

The ordnance and munitions war program for 32 months is more than twice the expenditures of the Government for the most costly year in the last war plus the most costly interbellum year. The years were 1919 and 1936.



4 3

HE search for a more effective method of collecting income taxes from the people of the United States, thought out in such a way as to cause the least difficulty in all walks of life, becomes more intensive as war costs soar, financing problems multiply, and inflation threatens from the nation's swollen pocketbooks. Preparing the most considerate way to carry the additional burden of \$16,000,000,000 asked by President Roosevelt characterizes the search.

All agree the burden will be so heavy as to demand changing from the present pay later principle to that of pay-as-you-go, preferably by the device of withholding at the source. But pay-as-you-go immediately poses the dilemma of how to treat the 1942 assessments payable this year, since collecting for 1942 and 1943 in 1943 would be too onerous, all agree.

About the solution there is little agreement, and there are many faiths popular among which is that of Beardsley Ruml. His much discussed proposal is unequivocal: Move the tax clock ahead one year; assess this year's tax against this year's income. He favors the withholding tax as a facility but believes that with it or without it his proposal stands on solid ground. He has won many converts.

Differing is the Treasury Department which views Mr. Ruml's proposal as a form of forgiving or forgetting and objectionable as well on other grounds. Also disagreeing is House Ways and Means Committee Chairman Doughton who says the plan coming from his body is not a Ruml plan, a Robertson (Virginia Committee member) plan, or even a Doughton plan. Rather it is a Committee plan embodying presumably the best features of many. The Committee heard Mr. Ruml's answers to the Treasury's objections February 4.

There is still a long way to go. Consideration must go through the Senate Finance Committee, then possibly through conference between the Houses. Mr. Ruml presented his suggestions to the Senate committee last July.

Whatever the form of compromise there seems to be little or no chance that anything will be done to substitute withholdings as a means of collection before the June 15 quarter payment. An effort is apparently being made to arrive at conclusions which will permit effecting the withholding at the source by July 1. The proportion mentioned most often is 20 per cent.

Insofar as we want more equality of income and of wealth we can have these through the progressive income tax and the progressive estate tax, but we should not use this general income tax reform, pay-as-you-go, unequally to accelerate indirectly the impact of progressive taxation. Let us achieve such levelling, or lack of it, as we desire, directly through legislative action on measures explicitly drawn to serve that purpose.

There is a deeper and perhaps a truer way of looking at this problem of correcting our income tax practice equitably. Most agree, I suppose, on a policy of taxation based on ability to pay, with graduated rates as steep or as mild as Congress from time to time determines proper. We are not unmindful of other social criteria for the imposition of taxes, but presumably these would all be consistent with ability to pay.

If we now look at our traditional income tax practice fundamentally, we see what we have really been doing is to estimate ability to pay in terms of

last year's income. Now as a matter of observable fact, last year's income is over and gone as income; it is a criterion of ability to pay only insofar as last year's income remains as a residue in current wealth, or as it forecasts income presently to be received.

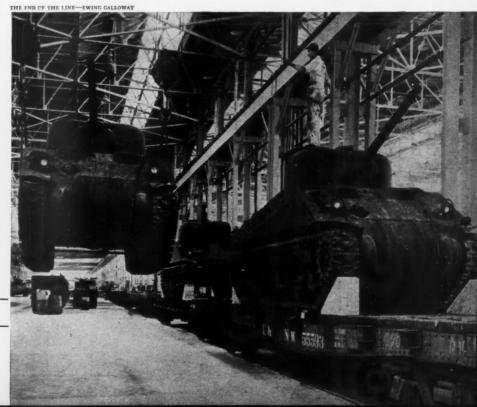
The true significance of the pay-asyou-go plan is that it denies the applicability of last year's income as a measure either of current wealth or of income presently to be received; and therefore rejects for all alike the use of last year's income as a basis of taxation according to ability to pay. The plan involves not only the elimination of income tax debt; basically it involves a change in the test of ability to pay.

I am frequently asked to answer objections to the plan. The point of administrative difficulties has been raised; the objection is that the Ruml plan requires two returns and two sets of computations to determine one year's tax. Yes, in effect, that is true, but in fact it is all done at the same time and on the same return.

The possible danger of inflation has been suggested; this objection falls into two parts: First, people who have saved for taxes may spend their savings; and second, people would not have the repressive influence on their spending of a large impending tax liability. As I have said earlier, the few who have accrued their taxes are not spendthrifts;

(Continued on page 32)

Millions of new workers are manning our war assembly lines. Mr. Ruml wonders if we can expect these new taxpayers, or even the old ones, to keep up their tax payments on their last year's income at present rates if their current income should slacken or cease.



BASIC feature of British wartime price policy is the stabilization of the cost of living index-particularly the prices of basic food products. Although other controls have played important rôles, the major instrumentality in the attainment of this goal has been the food subsidy program. Complete control over food products in Great Britain is vested in the Ministry of Food. Among the controls exercised by the Ministry are: price fixing, rationing, import and export control, domestic buying and selling, licensing, and the payment of subsidies. This centralization of authority in one agency has made possible a well coordinated price policy for food products.

The program of subsidizing the retail prices of basic food products was introduced several months after the start of the war. By December 1, 1939, the cost of living index had advanced 11.6 per cent over the pre-war level while the food component was up about 14 per cent. The sharp rate of increase caused official concern and the subsidy policy was adopted to retard the rise. The Chancellor of the Exchequer told Parliament "Our policy ... is to make public money available . . . to hold retail prices of staple foods, or at any rate to impose delay and check the abruptness of any rise."

Although the use of subsidies succeeded in checking the rise of some food prices, many non-subsidized foods continued to increase in price. By April 1941 an additional 10 per cent rise was shown by the food index; the general cost of living index had advanced 28 per cent by the same date. In April 1941 the Chancellor of the Exchequer announced the government's firm decision "to prevent any further rise of the cost of living number, apart from minor seasonal changes, above the present range of 125-130 in



SAUSAGES FROM MOBILE CANTEEN-BRITISH COMBINE PHOTO

"The bread subsidies prevented a price rise of about 40 per cent or about 1.4 cents per pound. This is an important item to poorer families, who use about 20 per cent of their food expenditures for bread and flour."

BRITISH FOOD SUBSIDIES

Weapon Against Inflation

IULES BACKMAN

New York University
School of Commerce, Accounts, and Finance

terms of the pre-war level." Thus the subsidy policy may be divided into two stages: first the prevention of sudden and disorderly price increases and then after April 1941 the stabilization of the cost of living index.

Stabilization of the cost of living index has been an important objective in the battle against the inflationary wageprice spiral because about one-third of the wage agreements in Great Britain are based on this index. In addition, changes in the index usually are an important factor in the settlement of wage negotiations in other industries.

Among the uncontrollable factors causing higher prices have been: higher world prices, rising shipping and insurance rates, slower voyages due to convoys, loss of nearby sources of supply with the consequent increase in cost of transportation as more remote

sources were used, and the need to use high cost coastwise shipping due to the capacity traffic on railroads. The payment of subsidies to compensate for higher costs due to these factors has made it possible to keep prices stable.

The following products, which are components of the food index, have been subsidized: meat, bacon, fish, flour, bread, tea, sugar, milk, butter, cheese, eggs, and potatoes. Only one food product—margarine—in the index has not been subsidized at one time or another. The subsidy on fish was only in effect for the three-month period June to August 1941 (see table). That paid on milk was shifted in the middle of 1940 from a subsidy to keep prices down to one designed to stimulate the consumption of milk by low income groups.

Early in 1942 a subsidy was again

BRITISH SUBSIDIZED FOOD PRODUCTS

Article	Dates Subsidized	Dates Rationed
Beef	Since December 1939	March 1940
Mutton	Since December 1939	March 1940
Flour	Since December 1939	
Bread	Since December 1939	
Cheese	Since December 1939	May 1941
Milk	January-March, June 1940,1 1942	October 1941
Bacon	February 1940-March 1941, 1942	January 1940
Eggs	Since June 1941	July 1941
Fish	June-August 1941	, , , ,
Potatoes	Since Fall 1941	
Carrots	Fall 1941-Spring 1941	
Oatmeal	2	
Tea	2	July 1940
Butter	2	January 1940
Sugar	3	January 1940

1 National Milk Scheme started July 1940.

² On April 3, 1941 it was announced in the House of Commons that tea and oatmeal were being subsidized, but no dates were given for the inception of the programs. Butter subsidies apparently started some time in 1941

3 Subsidies have been paid before the war to stimulate the production of sugar beets; subsidies to keep down retail prices appear to have been introduced in 1942 but the exact date could not be obtained.

"'To encourage production of home grown mining timber . . . the Timber Controller will pay a subsidy to those persons who have paid the railway charges . . . on long railway hauls."



used to keep down the price of milk. The major emphasis has been upon stabilizing the items included in the official index rather than in stabilizing all food costs. Only two other food products-oatmeal and carrots-have been subsidized. The food component is given a weight of 60 per cent in the general cost of living index. Since the twelve items subsidized in 1942 accounted for 94 per cent of the weighted importance of the food index, the Ministry of Food was able to stabilize more than half the cost of living index by paying subsidies on a dozen products.

In his 1941 budget speech, the Chancellor of the Exchequer also announced that "this general policy of restricting increases in prices to a minimum will apply to the prices of coal and gas and also to electricity charges (and to) other articles in common use." However, thus far there has been no information published concerning these subsidies and except possibly for coal, they have not been of much significance.

Other Subsidies

In addition to the payment of subsidies to keep food prices down and to stimulate consumption, subsidies have been used in connection with agriculture and industrial materials. The great dependence of Great Britain upon imports of food made her vulnerable to a counter blockade. Hence an intensive campaign developed to increase the amount of land devoted to food crops. A subsidy of £2 (\$8) an acre was offered for grass land which was ploughed up and used for production. This campaign brought about 5,300,000 acres into food production or an increase of 50 per cent over the pre-war total. Pre-war subsidies paid to stimulate production of beet sugar and beef cattle were continued. Subsidies were also paid to producers for certain breeding cows and for each breeding ewe.

Not much information has been made available concerning subsidies by the Ministry of Supply on industrial raw materials. One illustration is the



GARDENERS BARTER PRODUCE FOR CLOTHES AND DRESS

transportation subsidy reported for timber. "To encourage production of home grown mining timber in districts remote from collieries, the Timber Controller will pay a subsidy to persons who have paid the railway charges . . . on long railway hauls." However, Treasury funds do not appear to have been used extensively for subsidies on industrial raw materials. The remainder of this survey, therefore, deals with the subsidies paid by the Ministry of Food.

Trading Losses

There have been two types of subsidies: The absorption of trading losses by the Ministry of Food and direct payments to retailers, wholesalers, producers, or shippers. The Ministry of Food is the sole importer of food products and the only purchaser of many products produced domestically. The Ministry in turn resells these products to wholesalers and retailers at uniform prices which are low enough to make possible the maintenance of price ceilings (fixed by the Ministry) but not high enough to reimburse it for all the costs it incurs. The difference between its costs and the price received represents a trading loss which is financed by the Exchequer.

The Ministry's monopoly was established to control supplies rather than to facilitate the operation of the subsidy plan, but these arrangements have made it easier to stabilize prices. Administratively, it is much simpler to absorb cost increases in this manner than to pay subsidies directly to each affected producer with the need to examine his books and determine each subsidy separately so that no one will profit unduly from them.

The subsidy paid on meat products is a good illustration of the trading loss device. All imports of meat are acquired by the Ministry which retains the meat importers as its agents and pays them a commission based on the quantity handled. All domestic cattle and other fat stock is also bought by the Ministry at fixed prices at designated collection centers. The animals are then sent to one of the 750 slaughtering centers. The slaughterers, wholesalers, and other handlers of meat until it reaches the retailer, act as agents of the Ministry. Since retail prices have remained about unchanged since the beginning of 1940, the amount of the trading loss is determined by the purchase prices paid by the Ministry and changes in shipping and other costs. Early in the war effort it was estimated that those payments had prevented a rise of about 31/3 cents per pound for home killed meat.

Subsidies paid directly to business men and other producers are used only for bread, flour, potatoes, and to compensate for higher transportation costs. All wheat is acquired by the Ministry "A breakdown of the index shows that during the time of stability, a drop in the food index offset increases in other cost of living elements."

of Food and then resold to millers at a price high enough to cover replacement costs. Since the fixed prices for wheat flour and its by-products are not fixed high enough to enable the millers to recover all their costs, they are given a subsidy in the form of a rebate from the invoiced cost of the wheat. Although this rebate is uniform for all millers at the time of the purchase, it is subsequently adjusted to take into account varying net profits.

The miller's books are examined periodically to determine the size of the adjustment required. If the subsidy payment results in a higher profit than in the pre-war period it must be remitted in whole or in part to the Ministry. The miller's net profit after inclusion of the subsidy may not be above the pre-war total. In other words, the subsidy is not to cover the entire loss of the miller. Such a proviso is more typical of Canadian subsidies than of those used in Great Britain.

The subsidy received on flour used to make cakes and confectionery is less than that paid on flour for breadmaking. Since the baker uses flour for both purposes, a great deal depends upon his honesty in making his claims as it would be very difficult to check each claim separately. The larger subsidy on flour for bread-making is paid only if the bread is sold at or below the designated maximum price.

Aid Small Bakers

To compensate bakers for higher delivery and production costs, a subsidy of ½ pence (about 1 cent) per four-pound loaf was paid from December 1940 to June 1942; the subsidy was somewhat smaller on the number of loaves sold in excess of 9,400 weekly. This subsidy was paid only on standard breads sold at or below 4 pence (13 cents) per four-pound loaf and 2½ pence (4 cents) per one-pound loaf.

This subsidy was discontinued from

June 20, 1942, as the result of an investigation of the cost of baking and distributing bread. The conclusion of this study was that the maximum retail price of bread could be maintained without the subsidy payment. However, as an aid to small bakers, the government continued to pay ½ pence (less than ½ cent) per four-pound loaf

on the first eight sacks (280 lb.) of flour used weekly in making bread sold at 13 cents per four-pound loaf until November 14, 1942.

The price of bread has shown only minor changes since the start of the war. The subsidies prevented a price rise of about 40 per cent or about 1.4 cents per pound. This is an important

item to poorer families, who it is estimated use about 20 per cent of their food expenditures for bread and flour. Because of the great weight given to these two items in the cost of living index, this subsidy alone has probably prevented a rise of about six points in the index.

The potato subsidies are designed to increase the returns to growers and also keep down the cost to the consumer. An acreage subsidy of £10 (\$40) an acre is paid to each producer to "reduce the financial risk of crop failure to farmers without previous experience in potato growing" and to provide a "cash advance which is of great benefit to the growers who may be unable to market their crop until late in the season." This subsidy is designed to stimulate output by guaranteeing inefficient growers some return. However, the payments may be withheld from bad cultivators.

SOME SUBSIDIES IN THE UNITED STATES

Coffee: To prevent a rise in prices, the Commodity Credit Corporation subsidizes the increase in war risk insurance and marine surcharges which have occurred since December 7, 1941, plus about "75 per cent of the increased rail freight charges resulting from the diversion of shipments of coffee from normal ports of entry to other ports." Coffee importers act as agents of the Commodity Credit Corporation.

SUGAR: Defense Supplies Corporation upon recommendation of OPA reimburses primary distributors for the higher cost involved in any abnormal movements of sugar such as unusually long shipments by rail.

Petroleum: The Defense Supplies Corporation is subsidizing the higher distribution costs attending the shift to tank cars to bring gasoline and other petroleum products to the Eastern seaboard. Prior to the adoption of this subsidy, the price of gasoline had been increased $2\frac{1}{2}$ cents per gallon. This increase was cancelled when the subsidy program was adopted.

BITUMINOUS COAL: The Defense Supplies Corporation has been authorized to spend up to \$40,000,000:

"I. To pay transportation costs in excess of normal rates of transportation prevailing prior to January 1, 1942 on coal received on and after May 18, 1942, in and around the New York Harbor area and in New England.

"2. To pay transportation costs in excess of normal as indicated above on inventories accumulated by coal dealers in the above described area between January 1 and May 17, 1942, and not disposed of by May 17, 1942."

OPA certifies the above expenditures.

COPPER, LEAD, AND ZINC: The Metals Reserve Company has agreed to pay special premium prices for copper, lead, and zinc produced in excess of designated quotas (in cents per pound):

	Premium Price	Ceiling Price	Subsidy
Copper	17	12	5
Lead	11	8 1/4	2 3/4
7inc	0.1/4	61/2	23/4

To aid small mines, the quotas were set at zero so that their entire production would command the premium price. The basic quotas are established by mines or groups of mines rather than by companies.

During the Spring of 1942, the Metals Reserve Company subsidized yellow brass which was priced "too high relative to primary copper to make it profitable for refineries to reduce this brass to copper." The subsidy was largely eliminated early in the Summer when price of yellow brass declined.

MILK: To prevent a rise in retail milk prices, the Commodity Credit Corporation paid a subsidy of 20 cents per hundredweight in the New York area in October and 40 cents in November and December. Subsidies were also paid in other sections of the country. The subsidy was abandoned in January and prices in the New York stores were increased by one cent a quart; milk delivered to the home remained unchanged in price.

Pay Shippers Subsidy

A subsidy is also paid to licensed potato merchants to keep the retail prices stable throughout the year. These merchants usually pay growers successively higher prices each month after December to induce them to hold their potatoes until needed and thus have a more even flow to the market. The subsidy represents the difference between the price paid to growers in December and that paid in each month from January to July. The retail price was estimated to be one cent a pound lower than would have been the case in the absence of the subsidy program.

Capacity operations for some transportation facilities have made necessary the utilization of more expensive alternative routes. To prevent the higher transportation costs incurred from being added to food prices, shippers are paid a subsidy equal to the higher costs.

A special situation arose in connection with fish. All transportation costs from port areas were subsidized for several months to make it possible for interior cities to secure part of the limited supplies. The fixed prices established in June 1941 had made it unprofitable to sell in more distant markets and hence the subsidy became the instrumentality for effecting a more equitable distribution of supplies.

National Milk Scheme

The milk subsidy, which initially was designed to stabilize milk prices was replaced July 1, 1940, by a new scheme which subsidized milk to low income groups and certain other mothers and children while permitting a price rise to other consumers. In the first three months of 1940, a weekly subsidy of £,235,000 (\$940,000) became necessary to offset a rise of one pence (12/3 cents) per quart in the "pool price" paid to producers. However, as production costs continued to rise, a higher milk price or increased subsidies became necessary. The government decided to permit prices to rise but at the same time to protect designated groups against the advance.

Nursing and expectant mothers and children under five who do not go to school were provided with one pint of milk daily at two pence (31/3 cents) a pint or less than half the retail price. If the weekly family income was less than \$8 plus \$1.20 for each non-earning dependent, the milk was supplied free. The program is handled through the regular milk distribution system. Applicants receive a permit which is valid for three months. This permit has three receipts, one of which is signed and given to the milkman each month. The milk company then recovers the full price from the government for free milk and the difference between the market price and the two pence, in the other instances.

After two years of experience it was reported that 3,022,000 persons or 86.5 per cent of those eligible were benefiting under the plan. About 30 per cent of the milk handled is distributed free. Those members of the population not covered by the plan, have had the price of milk raised twice until it is now one-third above the pre-war level.

In one case subsidies were paid to facilitate the rationing program. The shortages of eggsonly two to five eggs were available monthly as compared with fifteen before the war-made it desirable to institute rationing. But the fixed retail price for eggs were substantially below those prevailing in the "black market." Moreover, the large number of producers made it very difficult to control the supply. To induce producers own-

ing 50 or more birds to sell their eggs to licensed packing stations which acted as agents of the Ministry of Food, they were paid 62 cents a dozen as compared with the fixed retail price of 40 cents a dozen. The subsidy paid is equal to the difference between retail prices and the price paid plus the cost of collection

SUBSIDIES BY BRITISH MINISTRY OF FOOD, EARLY 1940 AND 1942

Annual Rate in Millions of Dollars

	Early 1940	Early 1942	Difference
Bread and Flour	104	1501	+ 46
Feedstuffs		10	+ 10
Meats ²	64	69.2	+ 5.2
Bacon	16		– 16
Milk	48	8	- 40
National Milk Scheme.		72	+ 72
Cheese	2.4		- 2.4
Potatoes		80	+ 80
Eggs		44	+ 44
Tea		12	+ 12
Sugar ³		26	+ 26
Miscellaneous (bacon, ham, vegetables,			
cheese, and butter).		28	+ 28
Transportation Subsidy		80	+ 80
Total	234-4	579.2	344.8

Compiled from statements made in Parliament by government spokesmen. There may be some duplication between the transportation subsidy and that shown for particular products.

Includes oatmeal which was not subsidized early in 1940.

In 1940 an additional subsidy payment of about \$20,000,000 was made on account of the pre-war cattle subsidy; in 1942 this had increased to about

3,000,000. 1942 an additional \$26,000,000 was paid on account of the pre-war beet gar subsidy; the exact amount paid in 1940 was not available.

and distribution. Although the subsidy accomplishes the twofold purpose of controlling distribution and keeping the cost of living down, the latter rôle is hardly significant, since most persons can get few eggs any way.

The bacon subsidy paid in 1940 and (Continued on page 36)

"When adequate supplies of a product are available it is not rationed but subsidies may be paid so that prices will remain low enough to stimulate consumption. Outstanding examples in England are bread and potatoes. ES AT BLITZED HOSPITAL CULTIVATE PLOTS TO SUPPLY OWN KITCHEN





WEATHERING the WAR AT THE RETAIL LEVEL

THE RESULTS OF A SURVEY, SUMMARIZED BY

WILLIAM HAYES

Research and Statistical Division, DUN & BRADSTREET, INC.

ERPLEXED by problems of narrowed margins of profits, shortages of goods, declining volume in some lines, boom volumes in other lines, rising expense trends, and all the other difficulties of wartime, retailers hang on with grim determination and a sturdy hopefulness.

An inquiry into current attitudes of retailers indicates that comparatively few are considering withdrawing from business. This reinforces, in a rather significant manner, a previous study of the trends of business births and deaths as reflected by changes in names in Dun & Bradstreet reference books1.

1 See "Births and Deaths in Business," Dun's Review,

"More than 70 per cent of the food retailers say that the effect of price ceilings has been un-favorable. . . . Moreover com-ments are almost unanimous in ascribing this unfavorable effect narrowed gross margins. More than most other retailers, food merchants seem to have been subjected to a margin squeeze by the leeway allowed to farm prices and the more expeditious upward adjustment of wholesale food ceilings than retail ceilings.

As late as last Summer there had been no noticeable increase in the mortality of retailers although it had been widely predicted they would soon be going out of business in large numbers.

It is natural to mourn for the dead (even those who die in the normal course of events), but it is the outlook for the living which is significant. This article summarizes what retailers themselves say about their prospects.

This is a preliminary report on a survey of retailing now being conducted by the Research and Statistical Division of Dun & Bradstreet, Inc., publishers of Dun's Review. As this is written, more than 100,000 questionnaires are being distributed to retailers of all types in all parts of the country asking their attitude toward continuing in business; the effects of price ceilings; the effects of merchandise shortages; the trends of 1942 sales, expenses, and profits; sales expectations in the first half of 1943; and whether sufficient help is available.

An unusually rapid return of about 3,000 questionnaires from the first 20,000 distributed permits this preliminary tabulation and report. As additional replies are received they will be tabulated and reported upon.

Most of the early returns are from States east of Ohio. Some observers think the difficulties of retailers have been somewhat less in these Eastern States than in other sections of the country. Others believe that the problems faced by retailers in the States covered by this tabulation have been as great if not greater than those of retailers elsewhere in the United States. At any rate only about one in five answered the first question, a query which gave opportunity to state a reason why he might be considering sale or liquidation of his business. (See

November 1942, p. 16.
Assisting in this survey under the direction of Walter Mitchell, Jr., were William A. Rothmann and Rowena Wyant as well as the author of this article.—Editorial Note.



T. W. MCMANIGAL FROM GEND

table.) This does not differ appreciably from the normal peacetime ratio. Our study of business births and deaths in 1936 indicated that even when retailers are not under the stress and strain of war conditions, about one merchant in every six sells, liquidates, or otherwise closes out his business in the course of a year2.

Most retailers quite clearly intend to continue; many are emphatic about it. Uncertainty seems greatest among owners of filling stations. About a third of them have some doubts about staying open. Even automobile dealers are not this gloomy.

The proportion of concerns which

² See "Business Births and Deaths," Dun's Review, March 1938, p. 12.

"There is little reason why those in the apparel and accessory trades should be gloomy. They have so far not been troubled by shortages; sales have been unusually large in the last year; and for almost 60 per cent of them price ceilings have proved favorable. . . . As one merchant put it: 'People expect to pay the ceiling price. Customers who once were skeptical about profiteering are at ease now."

might discontinue is almost as high among food merchants as among filling stations. The chief reason given in the comments is the difficulty of getting merchandise-the well-known shortages of sugar, coffee, butter, meats, and canned goods. There is also a good deal of complaining about "blanks to fill out, reports to make-the general Government burden on doing business," but only about half as many grocers cite this as mention merchandise shortages. The burden of Government forms, however, has doubtless assumed even more importance with the inauguration of the system for the rationing of canned goods. Shortage of help (including the prospect that the proprietor may be drafted) is mentioned as often as Government red tape as a possible cause for quitting. But few merchants cite the lack of profits

At the other end of the scale are the retailers of apparel and accessories. Less than one in eight of them reports

1942 RETAIL TRENDS AND DEVELOPMENTS

Based on replies from 2,482 concerns

	PER CEI	NT OF CONC	ERNS REPO	RTING
TRADE GROUP ¹	Liqui-	Affect Price Co	eilings: Un-	Expenses
	%	%	%	%
Food (248)	. 29	29	71	54
General Merchandise (304)	. 19	47	53	37
Apparel and Accessories (481)	. 12	58	42	27
Furniture and Home Furnish	1-			
ings (301)	. 17	50	50	59
Automotive (184)	. 19	55	45	79
Filling Stations (63)		59	41	63
Drug (153)	. 18	52	48	35
Eating, Drinking Places (36).		53	47	44
Hardware (134)	. 16	34	66	55
Lumber and Building Materia	s			
(224)	. 21	29	71	68
Miscellaneous ⁸ (354)	. 18	36	64	37
ALL REPORTING CONCERN	S			
(2,482)		45	55	47

¹ The figure in parentheses is the number of concerns reporting.

² These gave a reason in answer to: "We may consider selling as liquidating business because..."

³ Includes book stores, sporting goods stores, farm and garden supply stores, florists, cigar stores, liquor stores, news-stands, jewelry stores, fuel and ice dealers, and all retail stores not elsewhere classified.

RETAIL SALES TRENDS, PAST AND EXPECTED

Number of concerns

EXPECTED SALES FIRST HALF 1943 VS. SAME PERIOD 1942

1042 Sales as	4 - 342			
Compared with 1941 Sales	Higher	About Same	Lower	Reporting
Higher	419	460	580	1,459
About same	31	123	215	369
Lower	16	64	477	557
REPORTING CONCERNS.	466	647	1,272	2,385

SALES FORECASTS BY RETAILERS

Expected sales first half 1943 vs. same period 1942

	-	ENT OF CO		
TRADE GROUP	Increase	No Change	Decrease	No. of Responses
Food	32	31	37	237
General Merchandise	26	38	36	293
Apparel and Accessories	29	33	38	461
Furniture, Home Furnishings	6	17	77	290
Automotive	6	26	68	177
Filling Stations	5	13	82	62
Drug	38	34	28	148
Eating and Drinking Places	23	27	50	30
Hardware	1	20	79	128
Lumber and Building Materials	2	12	86	218
Miscellaneous*	24	28	48	341
ALL REPORTING CONCERNS	20	27	53	2,385

Includes book stores, sporting goods stores, farm and garden supply stores, florists, cigar stores, liquor stores, news-stands, jewelry stores, fuel and ice dealers, and all retail stores not elsewhere classified.

MANPOWER SHORTAGE IN RETAILING

Percentage analysis of replies from 1,357 retailers

-Manpower Rating* of Retailer's Community-

Retailers' Reports on Availability	Labor Shortage	Balance	Labor Surplus		Communitie Combined
Sufficient%	25	40	46	46	44
Insufficient%	53	36	37	33	35
Only at High Cost %	22	24	17	21	21
Number of Retailers Reporting	36	329	122	. 870	1,357

Responses were sorted by groups of communities following the labor supply grouping of the War Manpower Commission except there were combined under "Balance" the WMC Group II "Areas of Current Balance of Labor Supply and Demand" and the WMC Group III "Areas of Anticipated Balance of Labor supply and Demand in Six Months, with presently Adequate Labor Supply." The communities were listed in these groups in the February 1943 Dun's Review, pages 20-22.

	iption of	store, such	as grocery si	ore and filling station, furnit	ure and hardwarel
Located in	200000000000000000000000000000000000000				fcheck on
					_
We may consider se	alling or	liquidating	business bec	DU SO	reason)
				-	
Effects of price calli	ings on	our-net pro	Ats have bee	n {Faverable	(check ene
How?	************	************			***************************************
				les {YES	
empared with 194		, expenses,	end	Compared with the first	***************************************
				sales in the first half of	half of 1942, we expect 1943 will be
rofits in 1942 were	Sales	Expenses	Profits	sales in the first half of	1943 will be (check one)
erofits in 1942 were	Sales (check)	(check)	(check)	sales in the first half of Higher	1943 will be (check ene)
rofits in 1942 were	Sales (check)	(check)	(check)	sales in the first half of Higher About the same	1943 will be (check ene)
Higher About the same	Sales (check)	(check)	(check)	sales in the first half of Higher	1943 will be (check ene)
Higher About the same	Sales (check)	(check)	(check)	sales in the first half of Higher About the same Lower	1943 will be (check one)
Higher About the same	Sales (check)	(check)	(check)	sales in the first half of Higher About the same	1943 will be (check one)
refits in 1942 wer Higher About the same Lewer	Sales (check)	(check)	(check)	sales in the first half of Higher About the same Lower	1943 will be (check one)
refits in 1942 wer Higher About the same Lewer	Sales (check)	(check)	(check)	sales in the first half of Higher About the same Lower	1943 will be (check one)
Higher About the same	Sales (check)	e box in each	check)	sales in the first half of Higher About the same Lower Why?	(check one)

More than 100,000 retailers of all types in all parts of the country received this questionnaire. An unusually rapid return from the first 20,000 distributed permits the preliminary report given here.



considering liquidation or sale of his business. There is little reason why these trades should be gloomy. They have thus far not been particularly troubled by shortages; sales have been unusually large in the last year; and, for almost 60 per cent of them, price ceilings have proved favorable. The ceilings, apparel retailers say, have stabilized competitors' prices, reduced price shopping by customers, prevented wholesalers from advancing their quotations, and enabled small stores to compete with chains and department stores. As one merchant put it: "People expect to pay the ceiling price. Customers who once were skeptical about profiteering are at ease now."

Effect of Food Ceilings

This lessening of price competition is doubtless the principal reason that the effect of price ceilings were reported to have been favorable by a majority of retailers in such normally highly competitive lines as drugs, restaurants, filling stations, and automobile dealers (see table).

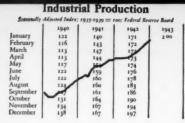
More than 70 per cent of the food retailers, on the other hand, say that the effect of price ceilings has been unfavorable—and food distribution is also a highly competitive trade. Comments are almost unanimous in ascribing this unfavorable effect to narrowed gross margins. More than most other retailers, food merchants seem to have been subjected to a margin squeeze by the leeway allowed to farm prices and the more expeditious upward adjustment of wholesale food ceilings than retail ceilings.

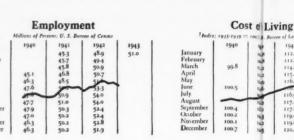
Most lumber and building material dealers found the effect of price ceilings unfavorable in a number of ways. Many commented that retail prices of

(Continued on page 34)

"The exigencies of wartime have apparently forced retailers to become more realistic, less complacent; more thoughtful, less routine in laying their plans for the future. Forethought of this type can do much to prepare them for the additional problems that may come."







THE TREND OF BUSINESS

SUMMARY: A new stock-up buying rush booms trade activity to new highs. Production is now double the pre-war average although some industries are unable to meet 1942 records. Rapid, contraseasonal expansion lifts currency circulation to new peaks.

ALTHOUGH expansion of munitions production slowed somewhat from the exceptional rate of preceding months, the most rapid gains in industrial activity were still scored by the familiar war leaders steel, machinery, chemicals, shipbuilding, and aircraft in the opening months of this year. Merchant ship production in February increased to a record 1,239,200 deadweight tons from 1,008,400 in January. Steel mills held operations at better than 99 per cent of capacity in an effort to produce as much steel in the short February month as in January.

While this new advance in production lifted total manufacturing volume to a level more than double the average for the pre-war years 1935-1939 considerable additional expansion in activity is obviously necessary to meet the goal of producing as much for war alone in 1943 as was produced for all purposes in 1929, and still supply the vital needs of civilian life. Monthly war expenditures which in January ran at about \$6,000,000,000 are scheduled to increase to an average \$8,000,000,000 this year.

However for many industries, especially non-durable goods lines to which relatively little new capacity has been added in recent years, it is becoming increasingly difficult to improve on past records. Scarcity of labor and materials

by mid-February forced considerable contraction from a year ago levels in certain industries including lumber, paper, newspaper and publishing, shoe and leather, and petroleum refining. Cotton textile and machine tool industries report output close to the maximum expected.

Non-durable goods production generally has remained practically steady in recent months, about 40 per cent above the pre-war average for 1935-1939 but little changed from last year's record high except for food and chemical production now respectively 15 and 32 per cent larger than 1942.

The current levelling-off in nondurable goods production indicates that the new expansion will come principally from durable goods lines already producing three times as much as in pre-war years on average, and up to five times as much in transportation equipment and electric steel industries.

Although the addition of new capacity will bulk large in further production increases, more intensive use of available manpower is increasingly important. About 70 per cent of the industrial expansion program was completed by the end of January and war construction had declined 30 per cent from the record peak of last August although still larger than a year ago.

In the face of the need for increased output the manpower situation steadily

tightens. The biggest influx of women workers in history is currently insufficient to completely counteract the heavy withdrawal of men to military service and the number of persons working or seeking work in January dropped to a wartime low of 52,400,000, 800,000 lower than a year ago.

Employment Changes for Women

Some seasonal drop in employment was reported in January but the uninterrupted expansion continued in manufacturing employment, now maintained largely by hiring of women workers. The number of women employed has increased by about 2,000,000 annually since 1940 but is expected to jump by 4,400,000 this year as employers are quickly forced to overcome previous prejudices against female workers.

Most women are taking semi-skilled and professional and managerial positions, in which employer attitude has changed most drastically in recent months. According to a survey by the WMC, close to 70 per cent of the skilled factory jobs were still closed to women late last year although in industries such as aircraft, electric machinery, rubber products, ordnance, and chemicals women were excluded from no more than 25 per cent of the skilled jobs. In professional and managerial lines only 37 per cent of hirings

excluded women gainst six months earlie and in lines only 30 per ent refu as against 54 per ent ear

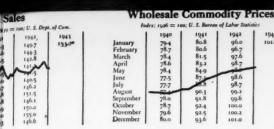
Inefficiency of he new growing problemof abset difficulties of hiring addition female labor in some section working hour especial durable goods lins. Only tries however were wor more hours a week at la Heavy war indutries as whours. Non-durable good increased working time mately 43 hours weekly after crossing the 40-ho October for the first time in

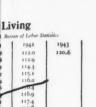
Difficulties in maintaini panding production for ci reflected in unprocedented distributors at Spring tra Contrary to custom, buyers' mitments covered most o

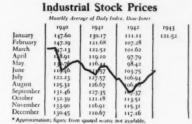
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Stasonany aujusting .	900 0	1.
REGION	Dec. 1942	1
U. S	140.8	
I. New England	119.6	
2. New York City	+	
3. Albany, Syracuse	131.6	
4. Buffalo, Rochester	123.3	
5. Northern New Jersey.	113.8	-
6. Philadelphia	121.4	•
7. Pittsburgh	130.6	
8. Cleveland	146.7	-
9. Cincinnati, Columbus.	147.7	
10. Indianapolis, Louisvile	166.0	-
Tr. Chicago	130.4	
12. Detroit	146.0	-
3. Milwaukee	169.8	-
14. Minneapolis, St. Paul	143.5	-

ANNUAL TRADE BAROMETER barometers and analyst of regions population shifts in 137 metropolit markets will grow most rapidly af peacetime conditions?" The report at the Wartime Marketing







gainst 82 per cent and in semi-skilled ent refused women ent earlier.

the new labor, the of absenteeism, and additional male or me sections of the a general increase especially in non-

Only four induste working 50 or at latest reports. ries averaged 48 e goods plants had at time to approxiteckly by January, at 40-hour limit in at time in ten years. A for civilians was adented buying by ing trade shows. buyers' initial commost of estimated needs for the Spring season to overcome lengthened delivery dates and threatened shortages as the season progresses. With a normal season's buying crowded into a few weeks manufacturers quickly sold output months ahead and general voluntary allotment of goods was usually on a reduced percentage of previous purchases because of inability to supply fully the exceptional demand.

New Buying Spree

Fears of reduced supplies also started a new consumer buying rush. Rationing of shoes early in February, and of canned goods on March 1 touched off a buying wave which gave February, usually the dullest month of the year, a sales turnover which approached peak Fall volume for many retailers. Sales of shoes, coats, suits, dresses, piece goods, and canned foods were tremendous, lifting retail volume an estimated 20 to 25 per cent above the high record

of a year ago in the midst of the February rush.

These large sales increases contrasted sharply with January volume which ran equal to or slightly above last year's record level according to latest reports.

While total trade continues at record levels one of the most striking features of the current retail picture is the sharp change in the regional trade pattern in the last few months. Unless stimulated by a concentrated buying rush such as that experienced in February not all cities and States are surpassing last year's record. Pennsylvania, New York, Iowa, New Hampshire, Vermont, Connecticut, and Northern New Jersey cities have been among those lagging behind last year.

The regional picture which for so many months had been characterized by widespread gains in all sections of the country has shifted until currently large trade gains are concentrated in a few outstanding war boom areas while in the remainder of the country gains are moderate, smaller than the country average. A few months ago two-thirds of the 29 regional trade barometers presented on this page each month were steadily running above the country average in gains over a year ago; in the latest month only one-third of the barometers bettered the country's gain and this third was centered exclusively in Pacific Coast, Mountain, and Southwestern States except for a few Southern and Midwest regions.

Price rises in raw materials, principally farm products, continued to push wholesale prices gradually higher on average, while prices of semi-finished and processed goods largely under OPA ceilings show little change either at wholesale or retail levels. By mid-February wholesale prices of raw materials were 13 per cent higher than a year ago, those of semi-manufactured and finished products up 1 and 4 per cent respectively (USBLS).

Wage Gain Outstrips Price Rise

A fractional increase in living costs during January was due largely to small price rises in controlled staple foodstuffs, coal and fuel oil. Living costs, as measured by the USBLS index, were 8 per cent higher than a year ago and 20 per cent above the January 1941 level.

Despite the present slow rise in living costs, the increase in hourly wage payments of 32 per cent still exceeds the 20 per cent rise in living costs since January 1941 for manufacturing as a whole and for all large industrial groups reported by the USBLS.

With turnover averaging over 1,000,000 shares daily during February industrial stock prices advanced close to the 1941 high of 133. The Dow-Jones industrial average reached 130, up from 124 a month earlier.

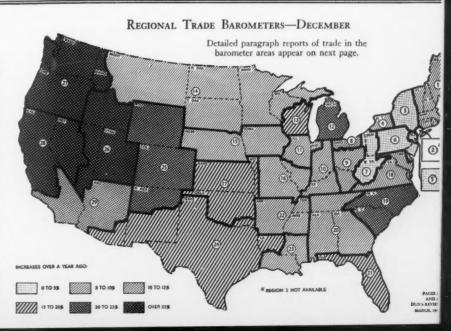
The most outstanding financial development was the strong and rapid rise in currency circulation to \$16,000,000,000 by the end of February, a new all-time high which surpassed the \$15,000,000,000 Christmas peak, usually the high point of any twelve-month period. The increase over last year of \$4,600,000,000 almost equalled the entire amount of currency in circulation during 1929. Business loans of banks continued to decline gradually and holdings of Government securities to increase. Business loans were lowest since June 1941.

. S. AND REGIONAL TRADE BAROMETERS

1928-1932 = 100; compiled for Dun's Review by Dr. L. D. H. Weld

Dec. 1942	Change from Dec. '41	from Nov. '42	REGION	Dec.	Change from Dec. '41	from
140.8	+10.7	+ .1	15. Iowa, Nebraska	117.1	+ 9.6	- 6.2
119.6	+ 6.7	+ 7.1	16. St. Louis	139.3	+ 6.4	+ 3.3
	+		17. Kansas City	158.1	+20.0	+ 4.4
131.6	+ 2.3	+ .2	18. Maryland, Virginia	171.2	+ 9.3	- 4.2
123.3	+ 5.9	+ .9	19. North, South Carolina	188.4	+20.3	+ 3.3
113.8	+ 1.9	7	20. Atlanta, Birmingham.	199.2	+ 9.0	+ .9
121.4	+ 1.1	2	21. Florida	192.9	+20.0	- 7.8
130.6	0.0	- 1.5	22. Memphis	175.1	+ 9.1	- 7.6
146.7	+10.6	- 2.3	23. New Orleans	149.4	+ 5.4	-6.3
147.7	+6.1	- 6.6	24. Texas	187.7	+18.5	+ 2.6
166.0	+ 5.1	- 6.9	25. Denver	161.3	+21.6	- 5.6
130.4	+ 6.4	+ 7.8	26. Salt Lake City	177.5	+33.7	+ 2.0
146.0	+21.8	- 4.6	27. Portland, Seattle	177.5	+31.4	- 8.2
169.8	+19.8	+14.5	28. San Francisco	159.5	+37.7	- 1.1
143.5	+ 7.1	+ 1.4	29. Los Angeles	136.8	+12.5	9
					+ Unav	ailable.

METERS for all regions are given on the following pages. Users of the fregional marketing conditions will find interesting a study of wartime etropolitan areas which suggests a possible answer to the question "Which apidly after the war; in which cities will the wartime boom wane under are report was presented by Dr. Philip M. Hauser, U. S. Bureau of the Census, Marketing Conference of the American Management Association.



TRADE ACTIVITY - A REGIONAL SUMMARY

I. NEW ENGLAND REGION

DEC., 119.6 , 119.6 NOV., 111.7 DEC. 1941, UNADJUSTED: DECEMBER, 147.4; NOVEMBER, 119.4 DEC. 1941, 112.1 Barometer gain over a year ago continues smaller than increase for country although marked improvement is shown over last month. January—Boston wholesale trade 5% below a year ago, Portland steady. New England farm income in November up 12% over 1941. Textile mills operated close to capacity. Industrial employment in Boston about 25% greater than last year; Rhode Island payrolls up about 5%. Collections steady to better than a year ago. February—Boston bank clearings running 11% above last year. Oil shortage causes some closings of textile plants in Rhode last and Massachusetts, utrailing armolyment companyed. Island and Massachusetts, curtailing employment somewhat.

2. New York CITY REGION *

JANUARY-Retail trade comparisons with a year ago continue less favorable than changes for country as a whole. Pick up in apparel manufacturing and some expansion in war in-dustries benefit New York employment; industrial payrolls about one-fourth larger than 1942; retail and wholesale trade payrolls off slightly. Factory employment in Bridgeport payrolls off slightly. Factory employment in Bridgeport 15% ahead of last year, Yonkers about 2% below 1942. New York City hotel volume at boom levels running 15% ahead of a year ago. Collections continue at good rate, better than last year. February—New York department store sales 10% ahead of last year in early month. Bank clearings at outstanding levels, 35% above a year ago. Increased war contracts placed in metropolitan area expand employment, payrolls.

*Barometer not available.

3. ALBANY AND SYRACUSE REGION

DEC., 131.6 NOV., 131.3 DEC. 1941, 128.7 UNADJUSTED: DECEMBER, 144.8; NOVEMBER, 132.9
Barometer held steady in the month; year-to-year increase substantially smaller than country-wide gain. JANUARY— Albany wholesale turnover 30 to 50% below a year ago, Syracuse up 18%. Dairy production close to last year's levels. War industry expansion lifts factory payrolls in Syracuse, 30% above 1942; employment expands in month in Utica, Albany, 25% above a year ago. Collections show some improvement in month, substantially better than last year. Ferruary—Leather industry in Gloversville operating at capacity levels, threatened by acute labor shortages.

4. BUFFALO REGION

DEC., 123.3 NOV., 122.2 DEC. 1941, 116.4 UNADJUSTED: DECEMBER, 136.0; NOVEMBER, 124.0 Slight improvement in barometer in month fails to lift in-crease over last year as high as average gain for the country as a whole. January—Wholesale trade 5% above last year in Buffalo, up 3% in Rochester. New York State farm income 1% below previous year in November. Rochester industrial employment over 5% above 1942; payrolls running about 50% above last year in Buffalo, Niagara Falls. Collections improved over a year ago. FEBRUARY—Continued influx of workers in Niagara Falls frontier area spurs retail trade in this section. Buffalo steel rate at 10% of theoretical

5. NORTHERN NEW JERSEY REGION

DEC., 113.8 NOV., 114.6 UNADJUSTED: DECEMBER, 137.3; NOVEMBER, 119.0
Decline in barometer from last month; small increase over a year ago less than increase in national index. JANUARY— Newark wholesale trade 5% above a year ago, 18% below last month. New Jersey farm income 14% above last year in November. Factory employment about 5% ahead of 1942 in Newark, Paterson; off nearly 10% in Jersey City. Industrial payrolls up about 10% in Elizabeth. Collections un-changed from last month, improved over a year ago. Febru-ARY—Newark department store sales running 3% ahead of last year in the first full week of the month. Retail trade at good levels in Paterson, Kearny.

6. PHILADELPHIA REGION

DEC., 121.4 NOV., 121.7 DEC. 19
UNADJUSTED: DECEMBER, 161.4; NOVEMBER, DEC. 1941, 120.1 Year-end barometer only slightly above 1941 index in this region; increase compares unfavorably with country change. JANUARY—Philadelphia wholesale trade 10% below last year. In November Pennsylvania farm income up 9% over 1941, Delaware up 92%. Factory employment in Philadelphia about 15% above 1942, Harrisburg, Reading near last year's about 15% above 1942, rhainbourg, reading near lass year a levels; payrolls in Wilmington about 75% higher than a year ago, Wilkes-Barre up 50%. Collections generally better than a year ago. February—Anthracite mines working on six-day week schedule. Philadelphia steel rate advanced to 93% of capacity,

* Revised.

7. PITTSBURGH REGION

DEC., 130.6 NOV., 132.6 DEC. 1941, 130.7 UNADJUSTED: DECEMBER, 166.2; NOVEMBER, 133 Barometer steady with a year ago in contrast to marked gain in index for entire country; slight decline from previous month. JANUARY—Pittsburgh wholesale turnover 15% below last year, Erie off 2%; Charleston up 10%. Industrial payrolls at new high in Pittsburgh, 15% above last year, factory employment 12% above 1942 in Erie, slightly below in West Virginia. Collections generally better than last year in all lines. February-Activity on steel expansion program swells payrolls in Duquesne area. Steel rate at 101% of theoretical capacity in Pittsburgh and Youngstown.

8. CLEVELAND REGION

DEC., 146.7 NOV., 150.2 DEC. 1941, 132.6 UNADJUSTED: DECEMBER, 198.0; NOVEMBER, 160.5 Again this barometer shows decline in month but year-to-Again this barometer shows decline in month but year-to-year increase closely parallels country-wide gains. JANUARY—Cleveland wholesale trade 10% below a year ago; Akron up 16%, Toledo up 4%. Ohio farm income 25% above 1941 in November. Factory employment, payrolls expand in month in Toledo, Lima, Cleveland; payrolls about one-quarter larger than last year in Canton, up about two-thirds in Akron. Collections steady in month, better than last year. February—Cleveland steel rate holds steady at 96% of capacity, Cleveland bank clearings running 20% above last year in early week of month.

9. CINCINNATI AND COLUMBUS REGION

NOV., 158.2 DEC. 1941, 139.2 UNADJUSTED: DECEMBER, 200.9; NOVEMBER, 169.4 Marked drop in barometer during month holds increase over Marked drop in barometer during month holds increase over a year ago below average gain for nation as a whole. JANU-arx—Wholesale sales in Cincinnati 10% ahead of a year ago; Columbus off 15%. Weather conditions favor Winter wheat, barley, rye crops. Industrial employment 17% above last year in Columbus; payrolls running over 50% ahead of a year ago in Dayton, Cincinnati. Collections steady to better this columbus. ter than 1942. February—Department store sales 19% above last year in Cincinnati, up 38% in Columbus. Cincinnati steel rate advances to about 95% of theoretical capacity in early month.

10. INDIANAPOLIS AND LOUISVILLE REGION

NOV., 178.3 DEC. 1941, 158.0 UNADJUSTED: DECEMBER, 208.0; NOVEMBER, 179.9 Barometer sharply below last month's levels; comparison with last year shows smaller gain in this region than in country. JANUARY—Indianapolis wholesale trade 20% below last year; Louisville steady. Total income of dairy farmers in Louisville area in 1942 over 20% above 1941. Industrial employment approximately 25% ahead of last year in Evansville, up 15% in Indianapolis; Louisville close to a year ago. Collections steady in month, frequently better than last year. February—Retail sales running about 10% above last year in Indianapolis; trade at excellent levels in Monroe, Charlestown. try. January-Indianapolis wholesale trade 20% below last Charlestown.

II. CHICAGO REGION

DEC., 130.4 NOV., 121.0 DEC. 1941, 122.6 UNADJUSTED: DECEMBER, 162.8; NOVEMBER, 122.5 Substantial improvement in barometer in month but yearly increase over corresponding month last year smaller than for country. January—Chicago wholesale turnover 2% be-low last year although attendance at Spring markets was good. Freezing weather retards plowing in farm areas. Factory payrolls 35% above a year ago in South Bend, up about 20% in Chicago; Rock Island employment at high levels. Collections improved in month, substantially better than 1942. February—Chicago department store sales 7% ahead of last year in first week of month. Chicago steel rate dips to 100% of capacity.

12. DETROIT REGION

DEC., 146.0 NOV., 153.0 DEC. 1941, 119.9 UNADJUSTED: DECEMBER, 198.7; NOVEMBER, 169.8 Barometer again registered decline in month but increase over a year ago was among the best in the country. JANUARY—Detroit wholesale trade 5% ahead of last yar; Grand Rapids dropped off 5%. Michigan farm income 7% above previous year in November. Industrial payrolls at all time record highs in Detroit, 92% above last year; employment steady with a year ago in Grand Rapids, Saginaw. Collections at better rate than 1942. FEBRUARY—Retail trade continues better than last year in Detroit, Flint, Saginaw; below in Grand Rapids. Detroit steel rate climbs to 105% of

REGIONAL TRADE BAROMETERS

1928-1932 = 100; compiled for

REGION	1942	1941	Per Cent Change
U. S	119.4	114.0	+ 4.7
1. New England	101.2	98.8	+ 2.4
2. New York City	+	+	+
3. Albany, Syracuse	122.1	116.1	+ 5.2
4. Rochester, Buffalo	109.3	102.2	+ 6.9
5. Northern New Jersey	105.0	101.9	+ 3.0
6. Philadelphia	104.5	108.3	- 3.5
7. Pittsburgh	113.3	113.7	4
8. Cleveland	133.9	124.8	+ 7.3
9. Cincinnati, Columbus.	134.8	129.0	+ 4.5
o. Indianapolis, Louisville	150.7	139.4	+ 8.1
1. Chicago	108.8	110.5	- 1.5
2. Detroit	136.1	125.9	+ 8.1
3. Milwaukee	135.4	120.8	+12.1
4. Minneapolis, St. Paul.	124.5	116.9	+ 6.5

THE BAROMETERS

The barometers are composite indexes of trade activity compiled by Dr. L. D. H. Weld, Director of Research, McCann-Ericson, Inc.; the monthly average for the years 1928-1932 inclusive equals 100. In each paragraph the indexes on the first line are adjusted for seasonal variation; the unadjusted figures are shown on the second line. References in the paragraphs are to the adjusted indexes. A map showing the relative changes in trade by regions as indicated by the barometers is on the preceding page. Indexes may be obtained in advance of their publication in Dun's Review by special arrangement with the editor.

THE SUMMARIES

The material in the paragraph summaries covers the month of January and the first week

1. NEW ENGLAND	6. PHILADELPHIA
Bangor 2 - 9 Boston + 5 - 3 Brockton 0 Burlington 9	Williamsport+ 2 +2 Wilmington 5 +1 York 1 +
Fall River4 Hartford10 + 1	7. PITTSBURGH
Holyoke	Butler
2. NEW YORK CITY	Wheeling + Youngstown 0 —
Bridgeport 5 New York City 7*+15 Stamford 9 • Department stores only.	8. CLEVELAND Akron + 9 +4

3. ALBANY AND SYRACUSE 9. CINCINNATI AND COLUMBUS Cincinnati +1 + 7 Columbus +12 + 6 Dayton +18 Lexington +32 Middletown -5 Springfield +15 Steubenville -9 4. BUFFALO AND ROCHESTER Buffalo + 2 +14 Elmira 0 +24

nester 0 — 4	Zanesville I
NORTHERN W JERSEY by City	10. INDIANAPOLIS AND LOUISVILLE Evansville +20 +54 Fort Wayne2 +11 Indianapolis +8 +9 Louisville +1 +10 Owensboro +11
	Terre Haute + 5 +11

5. NORTHERN NEW JERSEY Jersey City	10. INDIANAPOLIS AND LOUISVILLE Evansville
6. PHILADELPHIA Allentown -5 + 5 Altoona -15 Camden +14 Chester +19 Harrisburg +2 + 5 Hazleton -3 Lohnstown -15 Lancaster -10 - 5 Lebanon +6 Norristown -1 Philadelphia + 1 + 6 Reading +2 + 5 Scranton -5 -13 Trenton -2 -27 Wilkes-Barre -1 0	Aurora — 15 5 Bloomington — 144 6 Champaign-Urbana — 17 Chicago — 3 4 7 6 Danville — 7 4 Decatur — 2 2 Elgin — 6 0 Gary — 1 1 Hammond — 5 8 Moline — 5 8 Rockford — 7 + 6 8 Rockford — 7 + 6 8 South Bend — 5 7 Springfield — 5 4 4

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Adrian Battle (Bay Cit Detroit Flint ... Grand I Jackson Kalama 13. M Green E Manitov Milwaul Oshkosh

Sheboyg AND Bismarc Duluth Eau Clai Fargo ... Grand F

Great F. Helena lamestoy La Cross Mankato Marquet Minneap Minot Red Wir Rocheste St. Cloud St. Paul Sioux Fa So. St. 1

15. IO'NEBRA Cedar Ra Des Moi

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St. Louis

-ANNUAL AVERAGES

Dun's Review by Dr. L. D. H. Weld

REGION	1942	1941	Per Cent Change
15. Iowa, Nebraska	111.5	97.2	+14.7
16. St. Louis	121.2	114.8	+ 5.6
17. Kansas City	125.9	110.3	+14.1
18. Maryland, Virginia	154.6	142.6	+ 8.4
19. North, South Carolina	165.4	145.7	+13.5
20. Atlanta, Birmingham.	168.7	157.2	+ 7.3
21. Florida	168.7	160.7	+ 5.0
22. Memphis	155.4	139.4	+11.5
23. New Orleans	135.3	127.3	+6.3
24. Texas	157.6	142.2	+10.8
25. Denver	139.2	123.1	+13.1
26. Salt Lake City	139.5	119.8	+16.4
27. Portland, Seattle	149.9	125.2	+19.7
28. San Francisco	124.7	111.4	+11.9
29. Los Angeles	118.4	113.5	+ 4.3
		† Una	vailable.

The estimates of trade changes and February. other reports in the paragraphs are based upon opinions and comments of business men in various lines of trade, gathered and weighed by local Dun & Bradstreet offices. Department store sales figures are from the Federal Reserve Board; payroll and employment figures are from State Labor Departments and the U.S. Bureau of Labor Statistics.

How trade activity in January compared with that of a year ago is indicated generally for 292 cities throughout the country by these two sets of figures: spot estimates of retail sales (on the left) from local Dun & Bradstreet offices; check transactions (on the right) from bank debits published by the Federal Reserve Board. The figures shown are percentage increases or decreases in January over the comparable month last year.

17. KANSAS CITY

Tulsa+ 5 Wichita+25 +42

Greenville+ 1
Raleigh 5 -21

20. ATLANTA AND BIRMINGHAM

12. DETROIT

12. DETROIT	17. KANSAS CITY
Adrian+15	Atchison+ 2
Battle Creek+19	Bartlesville+ 1
Bay City 0	Emporia+11
Detroit + 5 +41	Enid+ 7
Flint+17	Guthrie+ 2
Grand Rapids 8 + 8	Hutchinson+14
lackson+29	Independence+15
Kalamazoo+ 2	Joplin28
Lansing+36	Kansas City +22 +20
Saginaw+ 5 + 5	Lawrence+40
	Muskogee+37
13. MILWAUKEE	Oklahoma City +22 +15 Okmulgee 3
Green Bay 4 - 6	Pittsburg+15
Manitowoc29	St. Joseph+ 5 +15
Milwaukee + 2 +25	Salina+32
Oshkosh 2	Topeka+23 +44
CL-1 1.4	W 1

Sheboygan-14 14. MINNEAPOLIS

AND ST. PAUL Aberdeen 2 2 8 8 8 8 9 9 8 8 9 9 8 9 9 9 9 9 9 9	18. MARYLAND AND VIRGINIA Baltimore
Mankato — 9 Marquette — +107 Minneapolis+ 3 +15	19. NORTH AND SOUTH CAROLINA
Minot 0 Red Wing 4 8 Rochester 0 St. Cloud -11 St. Paul 3 + 3 Sioux Falls + I +10 So. Sr. Paul 10	Asheville 2 - 3 Charleston +15 +18 Charlotte4 + 9 Columbia +5 +24 Durham +22 Greensboro1 Greenville +1

15. IOWA AND NEBRASKA Cedar Rapids ... - 5 + 4

So. St. Paul....+10
Superior ...+12
Winona ...-12

Davenport 5 - 5	Albany+ 5
Des Moines + 1	Atlanta+ $10 + 3$
	Augusta+ 8 -21
riemont	Birmingham + 3 - 3
Lincoln 2 +17	Brunswick+149
Mason City 0	Chattanooga $+10 +22$
	Columbus+10 +20
omana+ 3 +40	Dothan+36
SIOUR City	Elberton 1
Waterloo 2 - 1	Knoxville $\dots + 5 + 12$
	Macon+15 +10
10 00 10000	Mobile+ $10 + 27$
16. ST. LOUIS	Montgomery+ 7
East St. Louis+13	Nashville + 7 +11
Quincy+ 1	Newnan+23
St. Louis 2 1 7	Savannah+10 +57
	Valdosta25
Springfield+ 5 +11	(Continued on next page)

BAROMETERS FOR TWENTY-NINE REGIONS 13. MILWAUKEE REGION

DEC., 169.8 169.8 NOV., 148.3 DEC. 1941, : UNADJUSTED: DECEMBER, 208.8; NOVEMBER, 153.9 DEC. 1941, 141.7 Outstanding barometer increases over last month and last year substantially better than gains for entire United States. JANUARY—Milwaukee wholesale trade running 5% over last year. Wisconsin farm income 13% above last year in November, below country average increase. Industrial payrolls 50% above 1942 in Milwaukee, up 40% in Green Bay, Beloit, 35% in Racine; employment below last year in Sheboygan, Janesville. Collections unchanged in month, better than a year ago. FEBRUARY—Milwaukee department store sales running the same as last year in first week of month.

14. MINNEAPOLIS AND ST. PAUL REGION

DEC. 1941, 134.0 DEC., 143.5 Nov., 141.5 DEC., 143.5 NOV., 141.5 DEC. 1941, 134.0 UNAD/USTED: DECEMBER, 151.6; NOVEMBER, 140.7 Although barometer made a small advance in month year-to-year gain remained below increase in country-wide indicator. January—Minneapolis wholesale trade 10% above last year; Great Falls off 10%. Sugar beet harvest successful; Winter wheat prospects good. Sub-zero temperatures during month retarded retail trade and business activity. Industrial employment and payrolls expanded in month in St. Paul, Billings; substantially above last year. Collections steady to better than 1042. Ferrylays—I above shortage consistent of the property steady to better than 1942. February—Labor shortage continues acute in Butte mines. Minneapolis flour output running 15 to 20% above a year ago in early month.

15. IOWA AND NEBRASKA REGION

Nov., 124.9 DEC. 1941, 106.8 DEC., 117.1 UNAD/USTED: DECEMBER, 136.1; NOVEMBER, 137.0 Despite decrease in barometer from preceding month gain over a year ago close to country-wide increase. JANUARYover a year ago close to country-wide increase. JANUARY—Wholesale trade 8% above last year in Sioux City, up 5% in Omaha. Iowa farm income 60% above last year in November, Nebraska up 57%; both substantially better than country average increase. Industrial employment about 50% ahead of 1942 in Omaha; payrolls up in month and year in Davenport, Cedar Rapids. Collections at a better rate than a very ago, in prost sections. Expansive Plant expressions. a year ago in most sections. FEBRUARY-Plant expansions and other projects continue to spur employment and payrolls in Lincoln area.

16. St. Louis Region

DEC., 139.3 NOV., 134.9 DEC. 1941, 130.9 UNADJUSTED: DECEMBER, 167.2; NOVEMBER, 132.9 Gain in barometer over last month better than for country; year-to-year increase less favorable. January-St. Louis wholesale turnover 5% ahead of last year. Milk production slightly above 1942 in this area; meat packing at ex-cellent levels. Industrial employment about 5% ahead of last year in Quincy, steady in Springfield; below a year ago in Belleville; Quincy payrolls one-fifth larger than last year. Collections unchanged in month, above a year ago in all lines. February—St. Louis department store sales running 14% ahead of last year in first week of month. Steel operation at 107% of rated capacity in St. Louis.

17. KANSAS CITY REGION

DEC., 158.1 NOV., 151.4 DEC. 1941, 131.8 UNADJUSTED: DECEMBER, 200.9; NOVEMBER, 158.5 Barometer among country leaders in gains over a year ago; improvement in month also better than national average. JANUARY—Kansas City wholesale trade running 8% ahead of last year, Oklahoma City up 5%. Value of 1942 crops in Oklahoma 25% greater than 1941. Packing activity 10% above last year in St. Joseph. Industrial employment and payrolls at outstanding levels in Wichita, Kansas City, Tulsa, Oklahoma City. Collections ahead of last year. FEBRUARY Freezing temperatures cause some damage to Winter wheat. Flour production running about 15% ahead of 1942 in Kansas City, Salina.

18. MARYLAND AND VIRGINIA REGION

NOV., 178.7 DEC. 1941, 156.6 UNADJUSTED: DECEMBER, 230.6; NOVEMBER, 192.0
Barometer declined from last month's levels in contrast to increase for country; yearly increase moderately smaller than gain in national indicator. January—Baltimore wholesale prices 8% above last year, Norfolk up 10%, Richmond up 5%. Farm income in November 21% above previous year in Virginia. Industrial employment somewhat above last year in Richmond, Roanoke; off in Lynchburg. Baltimore payrolls 35% above 1942. Collections steady to slightly better than a year ago. February—Retail trade at boom levels in Portsmouth, Norfolk. Tobacco beds in good condition

19. NORTH AND SOUTH CAROLINA REGION

Nov., 182.4 DEC. 1941, 156.6 UNADJUSTED: DECEMBER 256.9; NOVEMBER, 198.2
Performance of this barometer in December better than JANUARY—Wholesale trade 8% ahead of last year.
Winston-Salem, steady in Wilmington, off 15% in Charles-

ton. Truck crop condition good. Cotton mills operating on three-shift basis in Columbia, Charlotte. Industrial employment expands in month in Charleston, well ahead of ployment expands in month in Charleston, weir ancad of last year; Asheville total employment shows increase. Collections frequently improved over a year ago. February—Cotton markets quiet in Greenville. Rains delay plowing and preparation for new crop throughout area.

20. ATLANTA AND BIRMINGHAM REGION

DEC. 1941, 182.7 DEC., 199.2 NOV., 197.4 UNADJUSTED: DECEMBER, 251.4; NOVEMBER, 205.5 Moderate gains over last month and last year marked this Moderate gains over last month and last year marked this barometer's movements in December. January—Atlanta wholesale trade 12% above last year, Birmingham up 5%, Nashville off 3%. Cold weather did only slight damage to Winter vegetation, truck crops. Industrial employment about 5% above last year in Birmingham, Nashville; somewhat below 1942 in Atlanta, Knoxville. Collections generally better than last year. February—Heavy moisture benefits cotton crop prospects but preparations for planting are late in this region. Birmingham steel rate at 100% of

21. FLORIDA REGION

theoretical capacity.

Nov., 209.3 DEC. 1941, 160.8 DEC., 192.9

UNADJUSTED: DECEMBER, 275.5; NOVEMBER, 202.6
Marked gains over a year ago continue to characterize barometer performance in this region; larger than country barometer performance in this region; larger than country increase. January—Tampa and Jacksonville wholesale trade 10% above last year, Miami up 4%. Grapefruit shipments about 21% above last season, oranges up 25%, limes 17%. Tobacco seed beds doing well; truck shipments heavy, bringing good prices. Industrial employment in Miami more than 50% above last year; Jacksonville off. Collections steady to better than 1942. February—Miami retail trade feels loss of tourist season. Winter crop condition excellent moving well. excellent, moving well.

22. MEMPHIS REGION

DEC., 175.1 NOV., 178.0 DEC. 1941, 160.5 UMADJUSTED: DECEMBER, 202.0; NOVEMBER, 202.7 Sharp decline in barometer during month holds year-to-DEC. 1941, 160.5

year gain below country-wide increase. January—Wholesale trade in Memphis 10% above last year. Bad weather severely affected Arkansas spinach crop; little preparation made for Arkansas cotton crops. Industrial employment in Arkansas about 25% higher than a year ago; Memphis up about 30%. Collections better than last year. February—Memphis department store sales 33% ahead of last year, Little Rock up 70%. Moisture condition good; prepared soil for coming plantings, with some gardening already started in Arkansas.

23. NEW ORLEANS REGION

149.4 NOV., 159.5 DEC. 19 UNADJUSTED: DECEMBER, 193.6; NOVEMBER, DEC. 1941, 141.8 DEC., 149.4

Moderate increase in barometer over corresponding month year ago smaller than gain for nation as a whole. JANUARY—Wholesale trade in New Orleans 10% above a year ago, Jackson registering no change. Louisiana orange production 77% above last season. Tender vegetation and shrubbery killed by hard freeze in Mississippi. Louisiana farm income in November 53% over last year. New Orleans industrial employment about 65% higher than 1942. February—Crude oil production in Louisiana 7% below a year ago. Government projects under way in Jackson expanding payrolls.

24. Texas Region

NOV., 183.0 DEC. 1941, 158.4 DEC., 187.7

UNADJUSTED: DECEMBER, 248.4; NOVEMBER, 197.4
Excellent gains in year-end barometer over 1941 exceed advances registered by United States indicator. JANUARY— Dallas wholesale trade 20% above last year, Fort Worth up 10%, Houston, San Antonio, Shreveport up 5%. San Antonio livestock marketings about 40% higher than a year ago; wheat crop hurt by dry weather in Fort Worth. Manufacturing payrolls in Dallas about 25% above last year, Fort Worth up 45%; employment below last year in Amarillo, El Paso. Collections generally better than 1942. Feb-RUARY—Crude oil production off 23%. Planting slow because of poor weather and moisture conditions.

BAROMETERS FOR TWENTY-NINE REGIONS

25. DENVER REGION

DEC., 161.3 161.3 NOV., 170.9 DEC. 1941, 132.7 UNADJUSTED: DECEMBER, 205.9; NOVEMBER, 179.3

Despite rather marked decrease in month barometer gains over last year continue among best in the country. January -Denver wholesale trade running even with a year ago, Albuquerque off 10%. Albuquerque bean crop best in years. Cattle benefited by good range conditions. Colorado farm income for November 57% above previous year. Industrial employment in Denver about 90% above 1942. Collections running better than a year ago. FEBRUARY—Denver department store sales 34% ahead of last year; bank clearings up 32%. Eastern Colorado lacks moisture needed for ranges and small grains.

26. SALT LAKE CITY REGION

DEC., 177.5 EC., 177.5 NOV., 174.0 DEC. 1941, 132.8 UNADJUSTED: DECEMBER. 247.1; NOVEMBER. 183.5 Barometer for this region continues to show one of the

most outstanding gains over last year in the entire country. JANUARY—Salt Lake City wholesale trade running 10% below a year ago. Increased range water supplies benefited grazing. Moisture conditions favorable for Winter grain. Farm income in November 20% above 1941 in Utah, Idaho up 33%. Industrial employment in Salt Lake City over twice as high as last year. Collections substantially above a year ago. FEBRUARY—Salt Lake City department store sales running 46% ahead of a year ago in the first week of month.

27. PORTLAND AND SEATTLE REGION

DEC. 1941, 135.1 DEC., 177.5 NOV., 193.3

UNADJUSTED: DECEMBER, 288.0; NOVEMBER, 189.5

Although barometer decline in month was largest in the country, year-to-year gain continues to rank with best in nation. January—Wholesale trade in Portland 30% larger than last year, Seattle down 3%. Winter wheat acreage

somewhat less than a year ago in Spokane area. production below a year ago. Industrial employment was ahead of last year, 125% in Portland, in Tacoma 115%; Spokane below a year ago. Collections better than 1942. February—Department store sales running 47% ahead of last year in Seatule, 30% in Portland. Bank clearings at high levels, 40% above a year ago in Seattle, 47% in

28. SAN FRANCISCO REGION

DEC., 159.5 NOV., 161.2 DEC. 19
UNADJUSTED: DECEMBER, 211.1; NOVEMBER, NOV., 161.2 DEC. 1941, 115.8

December barometer figure has larger percentage gain over a year ago than any other region. January—Wholesale trade in San Francisco up 12% over a year ago, Fresno up 5%, Sacramento off 15%. Good olive crop with strong prices. Industrial employment in the San Francisco Bay industrial area about 2½ times above last year. Collections better than a year ago. February—San Francisco total retail volume gain over last year is reported among greatest in country. Bank clearings in San Francisco 20% above a year ago.

29. Los Angeles Region

DEC., 136.8 NOV., 138.0 DEC. 1941, 121.6

UNADJUSTED: DECEMBER, 172.6; NOVEMBER, 135.5
Increase in barometer in year somewhat better than country-wide gain; slight decline from a month ago. JANUARY— Wholesale trade in Los Angeles up 7% over a year ago. Navel orange crop smallest in years, prices run high; lemon crop 16% above last year's. Frosts damaged tomato, squash, and pea crops. Livestock conditions good. Industrial employment in the Los Angeles industrial area about 85% above 1942. Collections steady to better than 1942. February—Los Angeles department store sales up 32% over last year. Carrot, lettuce shipments heavy; other truck and grapefruit declined.

How trade activity in January compared with that of a year ago is indicated generally by the figures below. The figures for percentage changes shown below are for: retail trade (left, in italic) and check transactions (right).

21. FLORIDA

Jacksonville+15 +17 Miami+2 - 7
Pensacola+18
Tampa+20 +30
22. MEMPHIS
El Dorado+29
Fort Smith + 3
Greenville21
Helena14
Little Rock+15 + 6
Memphis+20 + 8
Pine Bluff+37
Texarkana39

23. NEW ORLEANS

23. NEW UKLEANS
Hattiesburg
24. TEXAS
Abilene+12
Amarillo+10
Austin+22 +31
Beaumont+38 +32
Corsicana+46
Dallas+20 + 6
El Paso+18 + 6
Fort Worth+16 +26
Galveston $\dots + 5 - 5$
Houston + 5 +13
Lubbock+10
Port Arthur+36
Roswell+36
San Antonio+24 +13
Shreveport $\dots + 1 - 1$
Texarkana23
Tucson+27
Tyler 4
Waco+20 +12
Wichita Palls + 5 -15

25. DENVER

EU. DENTTON
Albuquerque10 +28 Casper+ 1
Cheyenne+63
Colorado Springs +47
Denver + 5 +22 Grand Junction +18
Pueblo+13
26. SALT LAKE CITY
Boise+10
Ogden+64 Salt Lake City+28 + 8

27 POPTI AND

AND SEATTLE
Bellingham+ 1
Eugene+1
Everett29
Portland+12 +44
Salem 9
Seattle 0 +22
Spokane+ 8 +39
Tacoma+10 +50
Walla Walla+21
Yakima+ 8
28. SAN FRANCISCO
28. SAN FRANCISCO Bakersfield9
28. SAN FRANCISCO Bakersfield
28. SAN FRANCISCO Bakersfield 9 Berkeley+24 Fresno+2 - 9
28. SAN FRANCISCO Bakersfield
28. SAN FRANCISCO Bakersfield9 Berkeley +24 Fresno + 2 - 9 Oakland +92 Reno +11
28. SAN FRANCISCO Bakersfield — 9 Berkeley — +24 Fremo — +2 — 9 Oakland — +92 Reno — +11 Sacramento + 8 +11
28. SAN FRANCISCO Bakersfield — 9 Berkeley +24 Fresno + 2 - 9 Reno +11 Sacramento + 8 +11 San Francisco +10 +22
28. SAN FRANCISCO Bakersfield 9 Berkeley + 24 Fresino + 2 - 9 Oakland + 92 Reno + 11 San Francisco + 8 + 11 San Francisco + 10 + 22 San Jose + 10
28. SAN FRANCISCO Bakersfield — 9 Berkeley +24 Fresno + 2 - 9 Reno +11 Sacramento + 8 +11 San Francisco +10 +22

29. LOS ANGELES

Los Angeles+10 +	-]
Long Beach	
Pasadena	
Phoenix+11 +	d
Riverside	-
San Bernardino	-
San Diego	-
Santa Barbara	-

SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW" More detailed figures appear in "Dun's STATISTICAL REVIEW." Back figures available upon request.

Wholesale Food Price Index

The Index is the sum of the wholesale price

per pound of 31 commodities in general use.						
1943		1	942			
Mar. 2	4.07	Mar. 3	\$3	-57		
Feb. 23	4.06	Feb. 24	3	.56		
Feb. 16	4.06		3			
Feb. 9			3			
Feb. 2			3			
Jan. 26		Jan. 27	3	.51		
Jan. 19	4.03	Jan. 20	3	-47		
Jan. 12	4.03	Jan. 13				
Jan. 5	4.04	Jan. 6	3	-45		
1942		1	941			
Dec. 29 \$	4.02	Dec. 30	\$3	.43		
Dec. 22	4.02	Dec. 23	3	.42		
Dec. 15	4.00	Dec. 16	3	.39		
Dec. 8	3.97	Dec. 9	3	.37		
	3.96	Dec. 2	3	.33		
Nov. 24	3.95	Nov. 25	3	.34		
Nov. 17	3.94	Nov. 18				
Nov. 10	3.94	Nov. 11	3	.31		
Nov. 3	3.92	Nov. 4				
Oct. 27	3.91	Oct. 28		.28		
Oct. 20	3.91	Oct. 21		.26		
Oct. 13	3.87	Oct. 14		.29		
Oct. 6	3.88	Oct. 7		.32		
Sept. 29	3.86	Sept. 30	-	.34		
Sept. 22	3.84	Sept. 23		-33		
Sept. 15	3.82	Sept. 16		-33		
Sept. 8	3.81	Sept. 9		-34		
Sept. 1	3.81	Sept. 2		.28		
Aug. 25	3.80	Aug. 26				
Aug. 18	3.78	Aug. 19	3	.21		
	HIGH		LOW			
		07 Jan.				
		02 Jan.	6 3	-45		
1941 Dec.	30 3.	43 Jan.	7 2	.50		

Dec. 10. . 2.49

Sept. 19. 2.46 Mar. 16. 3.01

July 18. . 2.08

Feb. 28. 3.52

July 31 .. 5.30

1940 .. 1939..

1937 ...

1933 . .

1919

June 18. . 2.18

Aug. 15. 2.13 Dec. 28. 2.56

Jan. 31.. 1.49

Dec. 12. . 3.11

Feb. 13. . 4.58

Building Permit Values-215 Cities

	Jan. 1943	Jan. 1942	% Change	Dec. 1942	% Change	
New England	\$1,419,443	\$2,972,806	-52.3	\$1,811,365	- 21.6	
Middle Atlantic.	4,378,335	8,215,786	-46.7	4,529,759	- 3.3	
South Atlantic	6,823,307	7,962,005	-14.3	3,184,003	+114.3	
East Central	5,344,354	17,909,297	-70.2	8,769,129	- 39.1	
South Central	1,372,947	9,075,989	-84.9	2,953,363	- 53.5	
West Central	1,912,168	3,014,262	-36.6	2,136,841	- 10.5	
Mountain	321,888	1,080,704	-70.2	422,778	- 23.9	
Pacific	7,247,026	12,092,901	-40.1	15,039,531	- 51.8	
Total U. S	\$28,819,468	\$62,323,750	-53.8	\$38,846,769	- 25.8	
New York City.	\$485,586	\$2,849,510	-83.0	\$631,495	— 23.1	
Outside N. Y. C.	\$28,333,882	\$59,474,240	-52.4	\$38,215,274	- 25.8	

Bank Clearings for Individual Cities

(Thousands of dollars)

	Jan. 1943	Jan. 1942	% Change	Dec. 1942	% Change
Boston	1,435,358	1,385,407	+ 3.6	1,704,309	-15.8
Philadelphia	2,504,000	2,524,000	- 0.8	2,663,000	
Buffalo	239,700	226,057	+6.1	255,887	
Pittsburgh	961,759	859,111	+11.9	1,152,038	-16.5
Cleveland	819,823	719,965	+13.9	974,742	-15.9
Cincinnati	431,320	388,472	+11.0	481,187	-10.4
Baltimore	570,650	504,199	+13.2	638,625	
Richmond	297,227	252,999	+17.5	334,586	-II.2
Atlanta	503,100	435,400	+15.5	560,500	-10.2
New Orleans	331,615	268,717	+23.4	350,001	- 5.3
Chicago	1,809,538	1,854,364	- 2.4	1,965,729	
Detroit	1,381,028	952,657	+50.0	1,458,551	- 5.3
St. Louis	642,913	570,691	+12.7	720,270	-10.7
Louisville	293,105	271,579	+ 7.9	304,137	- 3.6
Minneapolis	480,514	425,415	+13.0	551,435	
Kansas City	732,045	613,526	+19.3	782,287	
Omaha	272,040	186,955	+45.5	285,217	
Denver	204,554	173,097	+18.2	224,255	
Dallas	410,976	376,600	+ 9.1	435,022	
Houston	364,984	317,748	+14.9	409,355	
San Francisco	1,020,462	898,130	+13.6	1,186,085	
Portland, Ore	285,198	229,447	+24.3	330,819	
Seattle	340,805	285,186	+19.5	381,199	-10.6
Total 23 Cities	16,332,714	14,719,722	+11.0	18,149,236	-10.0
New York	18,402,566	16,936,770	+ 8.7	19,506,080	
Total 24 Cities	34,735,280	31,656,492	+ 9.7	37,655,316	
•				1,448,281	
Daily Average	1,389,411	1,217,557	+14.1	. 1,440,201	4.1

Daily Wholesale Price Index

(1930-1932 = 100)

The Index is prepared from the spot closing

		-1943		1942
	Mar.	Feb.	Jan.	Dec.
	171.23	169.39		161.11
2	171.83	169.37	166.61	161.96
3	171.80	168.98	+	162.11
1	171.89	169.10	167.22	162.20
5	171.80	169.11	167.23	162.50
5	171.94	169.17	166.94	+
7	†	+	167.51	162.66
3	172.05	169.11	167.90	162.71
)	172.01	168.73	168.33	162.79
		168.93	+	163.16
		169.37	168.26	163.37
2			167.56	163.61
3		169.39	167.33	+
1		†	167.54	164.10
5		169.29	167.82	164.40
5		169.86	168.23	164.38
7		169.83	†	164.74
3		169.96	168.82	165.07
)		169.98	168.24	165.17
)		170.13	168.17	+
		+	168.08	165.25
2		*	168.46	165.58
3		170.10	168.32	165.39
1		170.20	+	165.40
5		170.20	168.76	
5		171.03	168.62	165.66
7	*****	171.30	168.67	+
3		+	169.05	165.90
)			169.26	165.78
0			169.25	166.02
1			†	166.01
+ Sunda	y. * Marke	t closed		

194

194

H	IGH		L	OW	- 1
 172.05	Mar.	8	166.61	Jan.	2
 166.02	Dec.	30	151.54	Jan.	2
 150.54	Dec.	12	123.03	Feb.	17
 124.84	Dec.	31	112.42	Aug.	19

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FAILURES CONTINUE STEADY DROP

THERE were only half as many failures in January 1943 as in January of last year. The steady decline during 1942 was continued in the first month of 1943 with no signs of a seasonal increase. The drop from December in number of concerns failing amounted to 10 per cent, while liabilities dropped to the lowest point in many years, totalling slightly more than \$5,000,000.

The Insolvency Index dropped 2 points to an annual rate of 27 failures in every 10,000 concerns in business, compared with a rate of 29 in December, and 53 in January of last year. The index, on a seasonally adjusted basis, established a new all-time low.

Summary: The January decline was composed in large measure of a substantial decline in the number of retail trade failures, supplemented by a sharp drop in the small wholesale trade group. Manufacturing failures also declined, but less rapidly than those of distributors. Some increase was noted in failures of construction and commercial service concerns.

The decline was mainly in small failures—those with liabilities under \$5,000 dropping 17 per cent, and those with debts between \$5,000 and \$25,000 being down 3 per cent. There were more failures in January among concerns with liabilities between \$25,000 and \$100,000, but the number of very large failures dropped sharply.

Trends by localities were very spotty. Although failures were down in seven out of the twelve Federal Reserve Districts, there were mixed trends among the States included within the district areas, one sharp drop often out-weighing several moderate increases. The same situation applied to the distribution of failures by cities. They dropped 23 per cent in New York City, but increased to some extent in most of the other large cities. The total in the rest of the country was down 15 per cent from December.

Manufacturing: Failures in producing lines were off 8 per cent from December, and 50 per cent from last January. There was an increase during the month in the number of substantial-sized failures, with a drop from six to five in the number of large manuacturing failures. The five large failures included a paper mill, a brewery, an oil well driller, a furnace manufacturer, and a machine shop. Failures

were down in clothing, iron, steel, machinery products, and lumber; and were up in foods and printing.

The decline from a year ago was composed largely of a falling off in the number of failures in food and textile lines. In the iron, steel, and machinery groups failures were only moderately lower than last January; in lumber products they were just as numerous as in the earlier period; and among printing concerns they were higher.

Retail Trade: Retail failures declined 13 per cent between December and January, and were down from last January even more than were manufacturing failures. Here, too, there was an increase in the number of substantial-sized failures, and a drop in small failures. Those with debts between \$5,000 and \$25,000 were unchanged in number. Compared with last January very small retail failures were off 59 per cent, and larger ones only 15 per cent.

Lumber and hardware failures were more numerous, as were failures among drug stores, dealers in automotive products, and apparel shops. Failures of furniture and house furnishing stores, on the other hand, were cut in half. Food store and restaurant failures were also down, and those of general merchandise stores as well.

Compared with a year ago, failures were greatly reduced in all lines, reflecting no doubt the marked falling off in the numbers of new enterprises in most retail lines.

Other Groups: Wholesale trade failures, which as a group showed less of a decline during 1942 than did manufacturing or retail trade failures, started the year 1943 with a drop of 30 per cent. Failures were down in most wholesale lines, particularly hardware and building materials. Failures increased among building contractors, but they were of small concerns for the most part, as liabilities were down substantially. In service lines, failures were also more numerous, defaults increasing among trucking companies and laundries.

Failures in Canada continued their generally downward course, and were only a third as numerous as a year ago. They numbered 25 with liabilities of \$181,000 compared with 77 last January with debts of \$963,000. Five out of the nine Provinces reported no failures.



ore detailed figures appear in Don's Statistical Assiew

FAILURES BY DIVISIONS OF INDUSTRY

L'AILURES BY DI			SIKI	
	-Nun	nber—	—Liab	ilitics—
(Current liabilities in	Jan.	Jan.	Jan.	Jan.
thousands of dollars)	1943	1942	1943	1942
MINING, MANUFACTURING	79	159	2,249	3,550
Mining-Coal, Oil, Miscellaneous	2	4	206	184
Food and Kindred Products	14	39	469	1,378
Textile Mill Products, Apparel	16	44	252	615
Lumber, Lumber Products	11	11	139	176
Paper, Printing, Publishing	14	13	498	70
Chemicals and Allied Products	4	6	34	200
Leather, Leather Products	1	5	52	99
Stone, Clay, Glass Products	1	1	4	4
Iron and Steel, and Products	2	5	105	173
Machinery	5	3	333	51
Transportation Equipment	2	3	42	100
Miscellaneous	7	25	115	500
WHOLESALE TRADE	31	81	372	1,285
Food and Farm Products	13	33	159	652
Apparel	4	2	23	8
Dry Goods		2		13
Lumber, Bldg. Mats., Hardware.	3	7	17	284
Chemicals and Drugs	1	5	4	51
Motor Vehicles, Equipment		2	4.4	9
Miscellaneous	10	30	169	268
RETAIL TRADE	267	604	1,800	3,641
Food and Liquor	77	182	313	710
General Merchandise	11	35	77	222
Apparel and Accessories	33	81	291	495
Furniture, Home Furnishings	10	36	110	240
Lumber, Bldg. Mats., Hardware.	14	22	67	152
Automotive Group	20	45	109	304
Eating and Drinking Places	58	109	478	966
Drug Stores	23	36	190	249
Miscellaneous	21	58	165	303
Construction	53	65	698	851
General Building Contractors	21	20	358	469
Building Sub-contractors	30	42	230	331
Other Contractors	2	3	110	51
COMMERCIAL SERVICE	28	_53_	396	589
Highway Transportation	8	12	166	131
Miscellaneous Public Services	I	3	14	226
Hotels	1	1	21	17
Cleaning, Dyeing, Repairing	2	6	4	25
Laundries	6	7	138	95
Undertakers	1	2	10	6
Other Personal Services	4	3	16	22
Business and Repair Services	5	19	27	67

HERE AND THERE IN BUSINESS

WHAT'S NEW AS OBSERVED BY THE AGENCY'S REPORTERS

Zone Heating—In a year-end review of developments in the heating industry President H. W. Sweatt, Minneapolis-Honeywell Regulator Co., said zone heating will be placed high on the list of post-war housing necessities. Lessons learned from wartime need of controlling heat furnished to different parts of the house to obtain healthful temperatures with conserved supplies at lower costs will not be forgotten, he believes.

All Hydraulic—Completed is one of the world's largest self-contained "all hydraulic" deep metal drawing presses to help the more traditional steamhydraulic presses forge the nation's hot billets. It has a pressure capacity of 7,000,000 pounds and is capable of deep drawing heavy steel plate to a depth of eighteen inches. Unlike the mechanical presses of long fixed stroke, this die cushion press may be effectively operated on varied lengths of stroke and at full pressure capacity for any distance. Only one hydraulic pump is

required to operate it. It may be operated three ways: manual, semi-automatic, or automatic. The Hydaulic Press Manufacturing Co., Mount Gilead, Ohio, makes it.

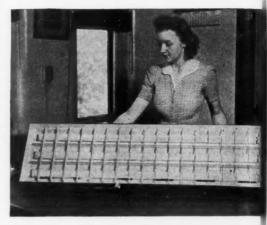
Dupli-Form-Combining a sheet of fluid process duplicating carbon and a sheet of master paper on which a form is printed this development facilitates paper work in connection with multiple-copy forms. If you have a 25-copy purchase order form, 1,000 Dupli-Forms replace 25,000 printed forms. The typist fills in the form on an ordinary typewriter and runs off as many copies as desired on a spirit duplicator. Perfect registry is possible and as only the original Dupli-Form goes into the typewriter the necessity of collating forms and carbon papers and crowding them into the machine is eliminated. Old Town Ribbon & Carbon Co., Inc., makers, say copies are strong and clear, whether ten copies or several hundreds are needed.

Weld Testing—A spot weld testing machine to check the strength of spotwelded samples in the factory has been developed for use in production line testing of light metal fabrication.

It is a self-contained motor-driven hydraulic machine, rapid and simple to operate, and equipped with self-aligning lever-operated open face grips with renewable hard file faces. An 18-inch diameter steel base and a low center of gravity facilitate hand or machine moving. The hoisting hood is at the top for crane handling. An 8-inch precision dial atop indicates load. The machine is 70 inches high and weighs about 800 pounds. It was developed by the Baldwin Locomotive Works.

Fluorescence—A wooden lighting unit for office and drafting room effecting a saving of 27 pounds of steel per four-lamp unit is the Admiral, here for the duration. Design and lighting characteristics of the Ace it replaces are retained. Bass-wood louvers provide adequate shielding and are hinged for easy cleaning and relamping. Side

frame and exposed end frame are of first grade birch in walnut finish. Ninety per cent of the total light output is cast down on the working surface. Made by the Wakefield Brass



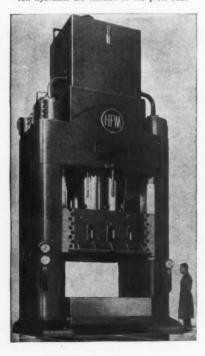
Company of Vermillion, Ohio, the Admiral is standard in two, three, four, and six-lamp units.

Variable-Pitch—High climbing bombers carrying heavy loads need variable-pitch propellers. Pitches were formerly changed by electric, hydraulic, or other equipment by the pilot. Now Wickwire Spencer Steel Company has a propeller that automatically changes pitch when the plane climbs or when any number of conditions of flight vary. The new blades are made of special wood.

Wiring—A building wire which saves rubber and tin yet meets requirements for moisture and fire resistance is on the market. "Rub-r-less Wire" uses no rubber or synthetic of the polyvinyl chloride type, and tinning of the copper conductor is omitted; only the conductor is critical. Over this is applied two 0.00016-inch strips of cellulose-acetate butyrate laid along opposite sides of the conductor and then lapped around it. Each strip laps over itself to form two concentric tubes.

Specially treated paper is applied over the insulating tape as a helical wrap from the center of a rapidly re-

Two Actions—H-P-M's massive Fastraverse embodies two hydraulic actions: A 3,500ton downward acting die platen; a 1,000ton hydraulic die cushion in the press bed.







MERCER ENGINEERING WORKS, INC.



536 South Clark St., Chicago, III.

volving head which carries eight spools of folded paper. The resultant wrap is ironed down tight by a die.

National Electric Products Corp. intends its products to substitute for type R or RP in open wiring; in concealed knob and tube work; in armored cable; in non-metallic sheathed cable; and as lead covered wires and cables.

Plastic Plates—Replacing electrotypes and stereotypes these plastic printing plates are said to meet all requirements of work up to 175 line screen. Used primarily on flat bed presses, they can be readily curved. Hardness and durability allow runs of 75,000 to 100,000 impressions. The finished plates are one-sixteenth of an inch thick and weigh one-eighth of conventional electrotypes. They are easy to handle, store, and ship, and shipping charges are low.

Not subject to corrosion they are virtually immune to attack by ink solvents and diluents. Development is by the Printing Materials Division of the Bakelite Corporation and marketing is through existing plate makers.

"De-airing" Food—After dehydration of food to save shipping space comes compression, a new process which squeezes dehydrated foods into blocks or briquettes. Additional space-saving thus achieved ranges from 30 per cent for dried whole milk to 80 per cent for cream of cabbage soup.

The Auto Ordnance Company has developed the process and Du Pont's Cellophane Division solved the packaging problem. As each block of food is compressed it is immediately wrapped in moisture-proof cellophane and heat-sealed. The film is germ-proof and grease-proof. Foods are quickly restored to their original shape.

Record Storage—Useful to executives supervising the preservation of records is the Manual of Record Storage Practice which not only outlines methods for the safe and systematic storage of records but lists 266 standard types of records and recommends a period of retention for each. Several years ago Bankers Box Company of Chicago undertook a survey on the practices of a number of concerns regarding the periods of time for keeping

records and published a booklet on the findings.

Tax laws and various Government regulations have necessitated many changes in standard practice, and much additional information on the subject prompted the company to publish a new manual. But instead of organizing the material as the results of a survey it now appears as concrete recommendations for the safest period of time for keeping specific records. Executives may obtain a copy of the manual by writing the company at 536 South Clark Street, Chicago.

Vu-Kits—Inspectors at factory gates can see through these Lumarith plastic lunch boxes made by V. W. Busch Manufacturing Co., South Lyon, Mich., and thus precious production time is saved. More than seven inches high and less than ten inches long they hold two sandwiches, a pint thermal bottle, pie or cake, and fruit.

Lathe Indexing—Designed to release more costly machines and highly skilled operators from a wide range of bar and chucking operations, Oster Manufacturing Company's "Rapiduction" lathe is now equipped with automatic indexing which replaces manual control of turret. The machine has a capacity of 1½ in. (round) for cutting-off, boring, tapping, reaming, facing, threading, and for many other operations. The company says the simplicity of the machine recommends it for use in rapid and efficient training of new operators.

Cinnamon—Some are taking it straight, others are mixing the test-tube cinnamon with the real thing, both satisfactorily. D.&L. Slade Company, Boston spice grinders, foresaw the possible cinnamon shortage soon after Pearl Harbor. Then stepped-up war production made increasingly greater demands on cinnamic aldehyde, the essential ingredient of cinnamon, a chemical well known throughout the trade.

The company put the problem before Arthur D. Little, Inc., research chemists, Cambridge, Mass., who sought other flavoring chemicals to round out the characteristic taste of cinnamon, and to find carrying and

To Every American

A Statement by BENDIX AVIATION CORPORATION

YOU, AS AN AMERICAN TAXPAYER, have a stake in the cost of this war.

As a taxpayer, you are a customer of the thousands of American factories—large and small—which are producing war materials to equip our fighting men.

As a customer, you are interested in three things: Quality, Deliveries and Prices.

On these three points Bendix Aviation Corporation submits the following report:

QUALITY

The quality of Bendix engineering and manufacturing is indicated by the extent to which the armed services turn to Bendix for more and more precision equipment.

To equip fully a modern bomber more than 150 different devices manufactured by Bendix are needed.

Hundreds of other Bendix devices, instruments and controls are needed for tanks, jeeps, armored cars, transport vehicles, ships and other military and naval equipment.

That such Bendix equipment—"Stromberg" aircraft carburetors, "Pioneer" instruments and navigation systems, "Scintilla" magnetos, "Bendix" radio transmitters, receivers and compasses, "Friez" weather instruments, and "Eclipse" aviation starters and generators—is worthy of the leadership and courage of the men of the United Nations is being daily proved on every battle front.

More than one-third of Bendix production in 1942 was in new devices not even on the market in 1938 — devices developed in our own research laboratories in cooperation with the U. S. Army and Navy.

DELIVERIES

During the year 1942 our 2,500 engineers and our tens of thousands of men and women production workers increased Bendix war production to 20 times that of pre-war levels. Six major divisions of the Bendix Aviation Corporation have received the Army-Navy "E" Award for outstanding records in war production.

PRICES

We reduced prices beginning as early as February last year, and as a result, at September 30, 1942, price reductions aggregated \$123,000,000 on products covered by contracts in effect at the beginning of our fiscal year and entered into during the year.

The greatly increased volume enabled us to improve efficiency of operations and to reduce profit margins; and, on the basis of the full year's operations, made it possible to return to the Government \$65,400,000 in renegotiating the year's war contracts. And, in addition, Bendix will pay taxes amounting to \$47,010,270,03



Because we believe that you, as an American making your own personal contribution to the winning of this war, also have an interest in the contributions being made by such American companies as Bendix Aviation Corporation, we present the following simplified summary of how the income we received in our 1942 fiscal year was distributed:

We received from the sale of our products and other operating income		\$459,169,026.55	
We received from investments and from other sources		558,654.94	
Which gave us a total income for the year, of		\$459,727,681.49	100%
Of this amount we paid out, or are obligated to pay out:			PERCENTAGE OF TOTAL YEAR'S INCOME
For materials and supplies, including purchases from sub-contractors		\$185,199,243.00	40.3%
For payrolls to our employees		127,459,765.00	27.7%
For taxes and refunds to U. S. Government		111.067.067.12	24.2%
For maintenance of plants, machinery and equipment, rentals, telephone, power, administ	rative	,,	
costs, income set aside to replace worn-out facilities, and to provide operating	and		
contingency reserves		23,537,410.19	5.1%
For dividends to our stockholders		8,450,801.64	1.8%
This left a balance, which has been reinvested in the business, of		4,013,394.54	9/10 of 1%

We know that even greater responsibilities rest upon our organization in 1943.

Those who are in a position to chart military strategy have made it clear that what America's factories produce in 1943, may well determine the hour of victory over our enemies.

Every Bendix worker, every engineer, and every member of the supervisory organization has accepted this challenge.

Each will carry a heavier load through the months to come, but it is being carried with enthusiasm and a deep dedication to the cause for which all Americans are fighting.

RENDIX AVIATION CORPORATION

Hornest R. Breech



FOR the first time in tack history!—here's a device that holds, dispenses and drives tacks—in one convenient, rapid, automatic operation. It's the Hansen One-Hand Automatic TACK Tacker.

Automatic TACN Tacher.

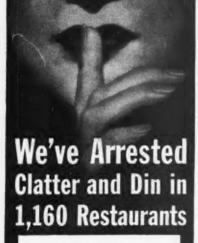
Self-contained—automatic—holding a long strip of T-head Tacks and driving them as fast as you grip—the Hansen Tack-Tacker permits holding material with one hand and driving with other.

For fast, precision driving—on production work of all kinds requiring tacking or fastening—here's the latest, most efficient device imaginable! Drives T-head Tacks in four lengths—3/16", 1/4", 3/8" and 1/2". Investigate!

A L HANSEN MEG CO. 5019 RAVENSWOOD AVENU

TO REACH PRESIDENTS OF WAR CONTRACTORS

LIST of War Department contractors shows 554 companies with orders for one million dollars or more. Dun's Review reaches 596 executives in 402 (70.7%) of these companies: Presidents, 297; Chairmen, 12; Vice-Presidents, 49; Treasurers, 33; Secretaries, 26; General Managers, 15; Others, 164; Total: 596.



... Yet This is Only Part of Our Background of Experience . . . Our Nation-wide Distributor Organization Can Bring Modern Sound-Conditioning To Any Building of Any Type or Size . . . Satisfaction Guaranteed.

CELOTEX
SOUND CONDITIONING

In Canada: Dominion Sound Equipments, Ltd.

THE CELOTEX CORPORATION • CHICAGO

stabilizing agents. The carrying agent turned out to be powdered pecan shells, and the stabilizing agent turned out to be a trade secret.

The resulting synthetic was first sold only to one bakers' supply house, later to other wholesalers. Soon Slade was swamped with orders. It is now at retail in the Boston area. The company feels it will more than do until the real thing comes along again in big enough bulk. Four other producers are marketing synthetic cinnamon with a cereal carrier.

Zelan—Fabrics treated with this chemical derivable from coal shed water, resist stains and spots, wear longer, and retain their protective qualities through many cleanings. Until recently demands for it by the armed forces have been so great very little was left for civilian needs. Children's play clothes, windbreakers, raincoats, and workers' clothes are some of the civilian garments which can be treated with this du Pont chemical.

Dehydrated Butter—To save shipping space and to give fighting Americans American food, dehydrated butter is close to a reality today. Working independently, scientists of General Mills and the Department of Agriculture came to about the same conclusions on how to do it.

It is first melted. Then the fat is floated off and the vacuum dried. The removal of the water content tends to stop rancidity, the cause of spoilage of butter in hot climates. In addition, oxidation in the fat must be prevented, and this problem is being overcome now. The dehydrated butter is reconstituted by adding salt and water.

Paper Cartons—Its principal ingredients old bones, animal tissue, tallow, grains, castor beans, flaxseed, and clay, a new plastic makes possible the substitution of paper cartons for tin containers for lubricating oils and other oily substances. The plastic is created by subjecting the conglomerate to heat under high pressure. When processed on the cartons, the container is not only as strong as tin but is lighter. Albert A. Robbins, chemist, developed it and production is under way by The MacMillan Petroleum Corporation.

Tomorrow's Coming



—and with it tomorrow's competitive markets.

Customers have long memories! They know and remember the salesmen who kept in touch when there was little to sell, but much to talk about for the future.

The Dun & Bradstreet State Pocket Edition will enable your salesmen to maintain contacts with the concerns that have retained or improved their purchasing power. Every listing in the Pocket Edition is a comprehensive sales story for your salesman's observing eye. It tells him where to go with the greatest economy of travel, and whom to see for the most effective use of his time.

You can obtain a list of State Pocket Editions from the nearest office of

DUN & BRADSTREET, Inc.
The Mercantile Agency



Put it on the Scrap Pile,

and see your Insurance Agent!

YOU can't trust to luck, these days. Although war news may push this fact off the front page, it's none the less true that crime has shown no abatement. In this case, burglars looted the safe of a county treasurer's office, obtaining more than \$6,000 in currency and negotiable securities. Contrary to his agent's recommendation, the county treasurer had insured the contents of the safe for only \$3,000.

Illustrated on this page are other actual cases taken from U. S. F. & G. files, showing some of the hazards that demand complete insurance coverage as a safeguard against financial loss.

Consult your Insurance Agent or Broker as you would your Doctor or Lawyer

To help you avoid financial jolts, your local U. S. F. & G. agent places at your disposal knowledge of insurance—plus on-the-spot service in the payment of losses. He will be glad to make a Graphic Audit of your insur-

ance—to help you guard against wartime risks which make such an audit imperative. Your U.S. F. & G. agent is one of thousands serving communities throughout the United States, its possessions, and Canada. Consulthim.

U. S. F. & G.

UNITED STATES FIDELITY & GUARANTY CO. and its affiliate,

FIDELITY & GUARANTY FIRE CORPORATION



— Could any of these things happen to you?



STAMP THEFTS Total \$9,722.86

The assistant manager of a New York credit office was a stamp collector... collecting \$50 to \$60 a week from the association's stamp box. This amounted, over the years, to \$9,722.86, but under a fidelity bond, U.S.F.&G. paid the claim. If you are hiring new, untried employees or carrying larger cash balances, or larger inventories, you need added protection against employee dishonesty...now.



Hit by a FALLING TRANSOM

BLITZED by a falling transom when he slammed a door behind him, this man suffered a scalp wound and internal injuries. But the landlord was spared the trouble and expense of a lawsuit when U. S. F. & G. settled the claim out of court. If such an accident occurred in your home or business property, would you be protected against suit or claim?



Boy breaks EXPENSIVE WINDOW

When boy meets plate glass window, it's bad, as a New York storekeeper discovered. A youngster swung on an awning, causing an unattached support to strike and break the glass. Cost of this "swing session" was nearly \$150.00. The glass was replaced by U. S. F. & G. under a plate glass insurance policy. Today plate glass is expensive and scarce. Are your display windows insured?



20.092 Presidents

The chief effectiveness of Dun's RE-VIEW's coverage of the larger concerns lies in the fact that it reaches the presidents and the top executives of some 50,000 organizations: 20,092 are presidents and 9,725 other corporate officers.

L.L.BROWN Bond Paper

MORE FOR YOUR DOLLAR

"ANYTHING containing IRON or STEEL"
by dealing with

IRON & STEEL PRODUCTS, INC.

38 years' experience

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BUYERS · SELLERS · TRADERS

Plants Machinery and Equipment Scrap-Iron Surplus Obsolete Stocks

MOVING THE TAX CLOCK AHEAD

(Continued from page 11)

and, second, the burden of current tax payments under the pay-as-you-go plan will be as great as or greater than payments against the debt on last year's income under our present practice.

Then, too, it has been said, "As desirable as collection at the source is, it is unnecessary to adopt it at the cost of forgiving a year's tax liability." This seems to imply that there is thought of collecting two years' taxes in one year, in whole or in part, for some or all income taxpayers. This is exactly what we want to avoid. Congress fixes the income tax rates according to its judgment as to what is proper at the time. These rates are fixed openly and no carryover of debt is contemplated. The Treasury must obtain the permission of Congress as to the assessment to be imposed currently on the income taxpayers. If, in the opinion of some, the burden should be greater, the evidence can be presented to Congress and it will make an explicit determination of its own for the country.

It has been persistently insisted that the pay-as-you-go plan be linked with collection at the source. I have from the beginning favored collection at the source and have said so. I think collection at the source improves the pay-as-you-go plan. But collection at the source is not indispensable for pay-as-you-go. Accordingly, if collection at the source proves impractical or inacceptable, there is no reason for not having the benefits of the pay-as-you-go plan anyway.

Another objection centers around the question of giving equal treatment to all taxpayers. I believe that the country is tired of indirection in the attempt to achieve a levelling beyond the explicit acts of Congress. Equal treatment for all by turning the tax clock ahead for all alike has been a point of principle that I have felt worth while defending.

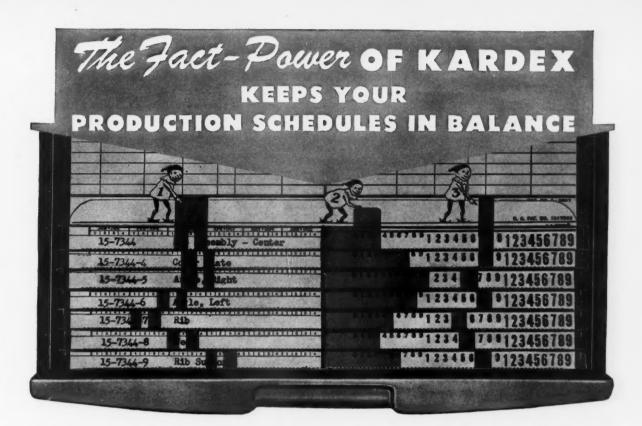
But this point of principle is one that Congress properly will decide. If the principle is not so important, or if I have wrongly construed it, then I must point out frankly that it is entirely practical to draw up a pay-as-you-go plan that would leave a residue of debt remaining to be paid by taxpayers in the higher brackets. Several proposals of

this sort have been suggested, but none of them, as they stand, is satisfactory because the residue of debt remaining is not sufficiently closely related to ability to pay. But a plan could be drawn up that would leave a residue of debt payable and at the same time relate this debt sharply to the taxpayer's ability to pay.

There is a special reason why the liabilities which have arisen under our income tax procedure may properly be set aside as I have suggested. These liabilities are not debts such as those which arise in the exchange of money, property, or services between private individuals. They cannot be removed by bankruptcy proceedings. On the contrary, they are the result of imposed levy by a legislative body under a traditional practice of assessment recognized by all to be defective. This practice was, in fact, so defective that in 1942 not only was the income tax debt itself so imposed, but the amount of debt was not established until October 21, 1942, nearly ten months after the taxable year began.

The chances of getting the new year 1943 on a pay-as-you-go basis seem to me to be distinctly good. I feel that a pay-as-you-go plan in a form acceptable to Congress will certainly be adopted, because income taxpayers want to pay their taxes on a current basis, they want to be free of income tax debt, and they know it can be done without hurting the Treasury and without paying two years' taxes in one. The taxpayers know that pay-as-you-go solves the problem simply and fairly by skipping an income tax year. They know the whole trouble was caused by a basic defect in our income tax law which has existed from the beginning, that of paying a tax on last year's income out of this year's receipts. This defect was not their fault and they know it. They want it corrected and they want to be on a pay-as-you-go basis in 1943.

As a nation of individuals we will be better able to meet the present and to attack whatever the future has in store for us if we are paid up in our income tax and, being out of income tax debt, we can pay as we go out of what we



FOR MAXIMUM OUTPUT PER MACHINE AND PER MAN-HOUR

R

Use Kardex. Kardex is the only visible record system with exclusive Graph-A-Matic signal control... the "moving finger" that gives you an instantaneous picture of your business, as fresh as the latest news bulletin. Kardex gives you the "fact-power" you need for making fast, accurate decisions. Kardex is the administrative control system now on the job in thousands of war plants, including two out of every three winners of the Army-Navy "E" Award for production excellence.

Kardex summarizes vital information for the timepressed executive—tells you what action is needed, and when to take it. Kardex may help speed your war production, for here is the fastest, most efficient solution to every control problem you're facing today... materials, production, inventory, procurement, machine load, personnel. Use Kardex for Production Scheduling. Here's how one war plant maintains balanced stocks of every single part needed to meet rigid production schedules:



PARTS AVAILABLE. The Graph-A-Matic signal insures a balanced flow of parts—charting (in tens, hundreds or thousands) the number of assemblies which can be produced from parts manufactured to date. Signals which "lag behind" the others indicate orders which require urging.

SCHEDULED REQUIREMENTS. This signal shows the total number of assemblies which can be produced from orders actually in process.

The Remington Rand Systems and Methods Engineer in your vicinity can give you expert technical advice on installing control methods to meet every problem. Phone him today, or write Systems Division, Remington Rand, Buffalo, N.Y.



FACT-POWER.... exclusive with Kardex, means vital facts are signalled for instant selection, assuring prompt and accurate administrative action.

REMINGTON RAND



SOLUTION-

"Snubbers" used to prevent exhaust noise

The exhaust "bark" from the average Diesel power plant is guaranteed to produce insomnia in sleepers nearby unless the engine exhausts at the plant are properly quieted. Therefore, muffler manufacturers used to build long, complicated devices which were intended to absorb the noise before it reached the end of the exhaust pipe. These so-called "ailencers" had to be matched to certain pipe lengths in order to obtain quiet exhausts, and they sometimes caused lowered engine efficiency.

Burgess engineers set out to find the cause of exhaust noise. Their investigations led them to the discovery of the "snubbing principle" of preventing this noise, rather than muffling it. Burgess Snubbers, operating on this new principle, eliminate the source of exhaust noise so that the noise never occurs. And there is no interference with efficient engine operation.

BURGESS PIONEERING in acoustic development has produced many other quieting devices. Twenty-five years' experience has made it possible for the Acoustic Division to successfully engineer products ranging from acoustic telephone booths to ventilating duct linings. Why not write us of your noise difficulties? Acoustic Division engineers may already have the solution to your problem.



WEATHERING THE WAR

(Continued from page 19)

lumber and building materials were too low in March 1942, the base period for price ceilings; also they report that expenses and costs of doing business are increasing. Many dealers mentioned low volume, apparently ascribing it to their inability to get some items after the ceilings were imposed. One complained that ceilings have diverted much lumber business from retailers to mills and wholesalers.

A large proportion of the hardware dealers also reported that price ceilings have had unfavorable effects on their business. They say that "merchandise at wholesale took a rise shortly before ceilings went into effect and retail prices had not been raised correspondingly." The growing scarcity of hardware items is also apparently responsible for a price squeeze, in that retailers have bought from the wholesalers with low ceilings as long as possible, but are now finding it necessary to purchase from distributors with higher ceilings. As one retailer says "merchandise is higher at one (wholesale) house than another, and you must buy where you can find it."

Evading Ceilings

There are a number of hints, and some overt statements, that the ceilings are being evaded. One merchant reports a "wholesaler squeeze—not from our regular source of supply, but from other firms" and another writes "we would like to state frankly that we do not believe there is any business in town which is selling at March price levels, unless it is a big buyer, and we have our doubts about them."

There are also indications that many retailers reported the effect of price ceilings was unfavorable as one means of expressing their annoyance. For example, although there are no ceilings on restaurant prices, 47 per cent of the eating and drinking places replying said that the effect of price ceilings on their profits had been unfavorable. It is true that a few of them probably suffered indirectly, in that food price ceilings drove from the market some of the commodities they needed. Beef was especially mentioned. It is likewise true that some of them considered

themselves unfavorably affected by price ceilings because they thought food merchants' ceilings had been fixed too high. Apparently a substantial proportion of the retailers who reported that their profits were affected unfavorably had no clear idea of the connection between this effect and price ceilings.

Shortage of help has of course been troubling retailers for some time. The striking fact indicated by this survey is that, even in areas designated by the War Manpower Commission as having surplus labor⁸, more than a third of the merchants cannot get enough help (see table). In areas of labor shortage, more than half of the retailers report available help insufficient. Even those retailers who can get enough help comment on the poor quality of the employees available, or the high rate of personnel turnover.

The relatively low level of retail wages is doubtless in part responsible. Retailers comment that, "We find it difficult to compete with Government contractors on cost plus projects" who can recover whatever they have to pay in wages. Others state that "wages are entirely out of proportion in defense areas," and one writes, "We have sufficient help because we pay better than competitive stores in our community." About a fifth of the retailers say able help is available "only at high cost."

Some Compensations

This shortage of manpower has, however, helped retailers to compensate for some of the other difficulties of wartime. Many a merchant whose volume has been reduced and whose profit margin has been narrowed also has a lower wage bill, simply because he does not need or cannot find qualified employees to replace lost personnel. Many a merchant has also been forced by the rulings of the Office of Defense Transportation to cut down deliveries and thus has reduced that expense item. Others have made voluntary cuts in delivery service, even beyond Government requirements. A few report having made expense savings by converting their heating plants from oil to coal, although

⁸ Areas of labor shortage, balance, and surplus are listed at the end of each paragraph of "Trade Activity—A Regional Summary," Dun's REVIEW, Pebruary 1943, pp. 20-22.

this entailed a capital expenditure.

In fact, the reduction of expenses seems to have depended in 1942, in some measure at least, on the amount of difficulty encountered by the trade (see table). The largest proportions of merchants reporting that they have cut down their costs of doing business, for example, are found among lumber and building material dealers, food stores, automobile dealers, filling stations—whose troubles are common knowledge.

Conversely, the smallest proportions of merchants reporting lowered expenses are found in lines which have encountered comparatively little difficulty thus far—apparel retailers, drug stores, liquor stores, and retailers of general merchandise.

Less Optimistic

Despite the obstacles visible in the road ahead, retailers as a whole are reasonably optimistic about sales volume for the first half of this year. One-fifth of them expect volume to be better than in the corresponding months of last year, and one-fourth expect it to be about as good (see table). These total figures, however, tend to obscure the gloomy prospects of some lines because of the numerical predominance of retailers of drugs, foods, apparel, and general merchandise who face comparatively little difficulty in getting adequate amounts of merchandise to sell.

For hardware stores, lumber and building material dealers, filling stations, and automobile dealers, the outlook is definitely unpromising—obviously because of shortages. Furniture stores also expect lower sales.

For all groups the sales expectations reported are markedly less optimistic than they were six months ago, when Dun & Bradstreet made a similar survey (Dun's Review, October 1942).

This change in attitude toward the future, plus the lack of uniformity in the forecasts for the different trades, indicate that retailers are at present more than usually conscious of changing conditions (see table).

The exigencies of wartime have apparently forced retailers to become more realistic, less complacent; more thoughtful, less routine in laying their plans for the future. Such forethought can do much to prepare retailing for the additional problems that may come.



The taxes you pay on March 15th are vitally needed to keep our armed forces supplied and sustained in their heroic task.

American industry is doing its job magnificently, meeting and solving the problems of design, production and distribution.

Now it has another kind of problem . . . and perhaps a critical one.

Taxes must be paid in cash!

Whether the amount be in the thousands or the millions, the disbursement in many cases is going to be a serious, perhaps crippling drain, on working capital, unless immediate auxiliary financing can be arranged.

If the imminent tax date is creating a real financial problem for you, we are prepared to consult with you and work out promptly a plan to meet the situation, at a reasonable cost and without interfering with management.

We are now providing millions of dollars to concerns supplying vital military and essential civilian needs.

Your inquiry will get immediate attention. Address Dept. 2502.

Commercial Credit Company

Baltimore

Subsidiaries: New York Chicago San Francisco Los Angeles Portland, Orea

CAPITAL AND SURPLUS MORE THAN \$65,000,000

BRITISH FOOD SUBSIDIES

(Continued from page 16)

early 1941 was also related to a rationing program. In that case the ceiling price was higher than many persons in the lower income groups could afford to pay. To stimulate consumption and thus prevent the waste of large stocks which had been acquired from Denmark, prices were lowered with the difference financed by subsidy payments. The Nazi successes in Western Europe in the Spring of 1941 cut off Danish supplies and the ration was cut in half. With supplies of bacon decreased, a subsidy to stimulate consumption became less desirable. Finally in March 1941 the bacon subsidy was eliminated. It seems since to have been re-introduced on a small scale.

In the other instances where a rationed product was subsidized (see table) the objective was to keep down the cost of living rather than to stimulate consumption. The relationship between rationing and subsidies may be summarized as follows. When adequate supplies of a product are available, it is not rationed but subsidies may be paid so that prices will remain low enough to stimulate their consumption. The outstanding illustrations are bread and potatoes. On the other hand when an essential product is in short supply it is rationed but subsidies are paid only if it is necessary to prevent higher prices which will be reflected in the cost of living index.

When the subsidy program was introduced, the estimated annual cost was about £58,000,000 (\$232,000,000) excluding pre-war commitments to subsidize sugar and meat and the cost of the "plough up" campaigns. Two years later the subsidy payments had increased to about £145,000,000 (\$580,000,000) (see table). A small offset against these subsidies is the profit realized by Ministry of Food from trading in unsubsidized foods; in 1942 this was estimated at £10,000,000 (\$40,000,000).

The sharp increase in subsidy payments was due mainly to the extension of new subsidy programs. Thus about 80 per cent of the increase was accounted for by the large subsidies paid in connection with potatoes, food transportation costs, eggs, and the National

Milk Scheme which were not included in the program early in 1940.

Two of the largest subsidies are paid on bread and flour and potatoes which are basic elements in the workingman's diet. It has been an essential element of British policy to have these important staples available in large quantities at reasonable prices. Currently, the prices of bread and potatoes are only nominally above the pre-war level.

The total estimated subsidies paid to stabilize food costs in each year ending March 31 are in millions: 1940, \$78; 1941, \$320; 1942, \$400-\$500; 1943, \$500-\$600.

No detailed breakdown of this total has been made available. Since the total British budget approximated \$16 billion in 1940-1941, \$19 billion in 1941-1942, and \$21 billion in the current year, the subsidy payments have accounted for between 2 and 3 per cent of the total budget. In return, the cost of living index has remained about unchanged for over a year and a half.

Subsidies and Prices

That the payment of subsidies in combination with direct price fixing has stabilized or reduced the prices of the affected product is clearly indicated by an analysis of their movements before and after the subsidy. At the time the bacon subsidy was introduced in February 1940, the price was 34 per cent above the pre-war level. About onethird of this increase was cancelled as a result of the subsidy and the price remained about 23 per cent above the pre-war level until the subsidy was removed in March 1941; at the same time, the price was increased to slightly above the pre-subsidy level.

The milk subsidy in January 1940 kept prices slightly above the pre-war level. When the subsidy was abandoned in July, prices advanced about 15 per cent and the following January the increase was extended to 33 per cent. Except for seasonal movements it has remained about this level.

The egg subsidy was accompanied by a decline from 44 to 26 per cent above the pre-war level; in April 1942, a further reduction effected by the subsidy returned eggs to the pre-war level.

Potato prices which had fluctuated widely because of seasonal considerations and at one time had advanced 50 per cent over the pre-war level were fixed at 28 per cent above with the introduction of the subsidy in the Fall of 1941. To encourage the consumption of potatoes prices were further reduced in September 1942 to only 6 per cent above the pre-war level.

Subsidized flour prices did not increase until October 1941, when a reduction in the subsidy on flour used to make cakes caused a 15 per cent rise; flour used for bread making was not affected. A substantial rise in bread prices was also averted by the subsidy as previously noted.

The introduction of price fixing and the subsidy for fresh fish in June 1941 was accompanied by a 20 per cent decline in its price. The other subsidized products have recorded only minor changes from the levels prevailing

when subsidies were instituted.

Since the April 1941 decision to stabilize the cost of living index, it has fluctuated between 28.4 and 29.7 per cent above the pre-war level. The cost of living index which rose an average of about 1½ per cent monthly during the first nineteen months of the war advanced only 1 per cent more during the entire second nineteen-month period. Had the previous rate of increase been continued the index would have been about 60 per cent above the pre-war level instead of remaining at about half that level.

This is a remarkable record of stability, especially in light of the tremendous pressures and strains to which the British economy has been subject during this period. It is attributable in part to an effective control of the prices included in the index and in part to the subsidy program which makes it possible for the Ministry of Food to meet increases in costs out of the public exchequer rather than passing them on to the consumer in the form of price increases. The task of the Ministry has also been made easier by the fact that only fourteen food products are included in the index.

A breakdown of the index shows that during this period of stability, a decline in the food index offset increases in other elements in the cost of living.

The food products which accounted

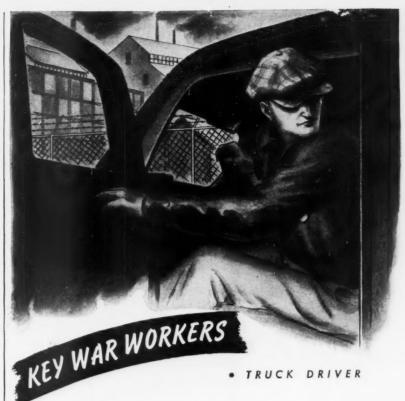
for this decline were eggs, sugar, and potatoes. As a result late in 1942 the food index was only slightly higher than at the beginning of 1940. The sharp increase indicated for miscellaneous products (it did not affect the total index significantly because it has a weighted importance of only 4 per cent) was due mainly to an increase in the duty on tobacco and cigarettes in April 1942. On balance, it is evident that the government has succeeded in achieving its goal of stabilizing the cost of living index.

Despite this stability in living costs, average weekly wage rates have continued to increase although at a slower rate than before April 1941. During the first nineteen months of the war, Professor Bowley's index of wage rates increased about 1 per cent monthly. In the following nineteen months, the rate of increase excluding increases in agricultural and mining wages was about one-fourth of 1 per cent monthly and including those two increases slightly more than one-half of 1 per cent monthly. These increases were apparently necessary to maintain the flow of supplies by preventing the movement of workers away from the mines and the land because of the relatively lower wages paid. Except for these two special situations, relative stability in wage rates has accompanied the stabilized cost of living index.

Allowances for Index

It should be noted that the cost of living index may not have too much significance as a guide to living costs because as the Ministry of Labour carefully states each month when it reports the data "no allowance (is) made for any changes in the standard of living since August 1914 or for any economies or readjustments in consumption and expenditure since the outbreak of the war." Thus it is likely that living costs have risen more than indicated by the index. But this does not mitigate the fact that the index does play a vital rôle in determining wage adjustments and that its stability has contributed to moderating the rise in wage rates and hence in preventing part of the expansion of purchasing power which probably would otherwise have taken place.

The subsidy, therefore, has been an effective weapon in the battle against inflationary price rises.



The truck driver, his helper, and many employees involved in the forwarding of war goods have access to information valuable to the enemy. It is of utmost importance that the loyalty of such men be beyond suspicion.

The Dun & Bradstreet War Production Employee Report

enables the management of industries involved in the production of war materials, prime contractors and sub-contractors as well, to judge the fitness of any employee to hold a key position. Skilled investigators look into the family background, occupational record, trustworthiness, and attitude toward the war program. Many references given are commercial names on which Agency files are available. Our investigators are in a position to verify locally the authenticity and quality of the references given.

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HOLDING THE DAM AGAINST INFLATION

PHOTOGRAPH BY HARRIS & EWING

OURING 1942, United States Government securities outstanding increased by 48 billion dollars. About 23 billions were purchased by the commercial banks and the Federal Reserve banks, another 3 billions by Government agencies and trust funds, and 22 billions by non-banking investors. This tremendous volume of purchasing by individuals and corporations is a most striking development, but it is not enough. The banks have had to take too big a share.

Most transactions in the United States take place through transfers of bank deposits (checking accounts). When banks make loans or investments, the result is usually not a corresponding withdrawal of cash from the banking system, but a corresponding increase in bank deposits. Bank deposits are purchasing power just like cash. And any substantial increase in either cash or bank deposits, if our pro-

duction of goods does not increase equally, makes for a pressure upwards on prices.

During the last war, the forces which brought about a doubling of prices stemmed from bank credit expansion. During 1942, bank holdings in Government bonds and bank deposits both increased by billions each month. So long as the additional bank deposits remain relatively inactive, as they are at present, their effect upon purchasing power is restricted. But if depositors should endeavor to spend their funds at anything like a normal rate, the pressure on prices would be terrific.

The Government must have funds. Bank credit expansion will have to make up the deficit remaining after taxation and private purchases. But the greater the bank purchases the greater the danger to price stabilization. A substantial increase in bond purchases by corporations and individuals thus becomes essential to holding the dam against inflation.

Willard L. Thorp.

